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Vol. XIII. No. 9. February 26, 1926 Price 1s. Weekly

ECONOMIC SURVEY

(The following Survey is strictly impartial both in content and in selection, and is in no way subject to the influence of Editorial opinion.)

AUSTRIA

POLITICAL AND GENERAL

Economic Conditions during the First Half of February.—Though no fundamental change has taken place in the economic conditions of Austria during the last weeks, the outlook begins to appear more hopeful to most observers. Unemployment is still high, but its progress, which had already slackened down considerably in January, has been stopped now. The unemployment curve in former years has moved in a similar manner, reaching its highest point in February and declining rapidly thereafter. Apart, however, from this analogy, there are other and more substantial symptoms of an impending improvement. A better degree of occupation exists in many industries and the economic conditions of Germany, which is a market of continually growing importance for Austrian products, inspire more confidence. The general impression, therefore, is that the next few months are likely to be a period of substantially increased production. It is natural, however, that work-givers and labour in those branches of industry which have suffered severely under the crisis urge the adoption of a policy which promises an immediate, if in many cases only temporary, relief. Among the measures suggested in this connection and concerning the desirability of which Government and Opposition appear to be agreed, the increase of Austrian exports to Russia plays a prominent part. Austrian exports to Russia have developed in a very satisfactory manner during the last three years. Whereas Russia purchased from Austria goods amounting to 6 million gold kronen in 1923, the respective figures for 1924 and 1925 were 12 and 28 million gold kronen. On the export side of the Austrian foreign trade account Russia ranks therefore immediately after England and Italy, and as there are indications that the volume of the Austro-Russian trade can be extended considerably, there is naturally a desire in many branches of the productive community that use should be made of this opportunity. The experience which Austrian exporters have had of Russian trade so far can be said to have been entirely satisfactory. A substantial increase of exports to Russia requires, however, special measures for insuring the larger risk involved and for enabling exporters to grant the terms of payment insisted upon by Russia, which usually extend over nine months. A careful study of these conditions is therefore necessary before fargoing decisions can be expected. The same applies to other methods suggested for mitigating the effects of the economic crisis. The Government has so far moved very cautiously and has shown little or no inclination to use untried remedies, or to identify itself with an extensive "economic programme" which in application may prove a double-edged weapon. The Government's opinion in this regard is shared by all persons who believe that an economic crisis which has spread over the larger part of the Continent cannot, in its effect on a single country, be eliminated through one-sided decisions of that State.

State Finance.—This is not to deny, however, that much can be done by the Federal Parliament and the Provincial Assemblies to mitigate some of the effects of the crisis. A number of taxes, especially the Social Welfare Tax imposed by and collected for the Provinces, are weighing very heavily on production. The new Minister of Finance is therefore anxious to obtain the consent of the autonomous provincial administrations to the abolition or at least the reduction of that tax, in consideration whereof he would be willing to give them a larger share in the yield of the turnover tax. Whether the Minister of Finance will also propose an increase of the turnover tax with the object of defraying out of the additional proceeds the cost, or part of the cost, of the unemployment relief is still a moot question. So far, work-givers and work-takers have borne each 42 per cent. of this cost, whereas the State contributed 12 and the municipal administrations 4 per cent. This relation, however, cannot be maintained without crushing production if unemployment grows beyond the average figure, and it is now about twice as large as the amount on which calculations were based when the present method of financing the scheme came into force. Other measures, besides the increase of the turnover tax for purposes of unemployment relief, have also been debated in this connection and a suggestion has been made that the Federal Provinces should also bear a share of the cost, but nothing has been decided in this regard so far.

Duties and dues, the fixation of which is in the province of Federal legislation, will also undergo reductions destined to benefit the economic life of the country. The Minister of Finance has announced his intention to introduce an Amendment to the *Gebührengesetz* (Imposition of Dues and Duties Act), under which legal dues and the duties payable on capital issues would be reduced by about 20 per cent. These and similar alleviations of imposts are made possible by the very favourable position of the State Household. The Minister of Finance stated recently in Parliament that the financial year 1925 closed with a surplus of revenue over expenditure, including the outlay for productive purposes, of about 12 million schillings. So far preliminary accounts are available for the first eleven months of the year, which show the position during that period to have been as follows :—

	In millions of schillings.
Revenue	815.12
Current expenditure	725.30
Surplus	89.82
Capital Expenditure	71.19
Total Surplus	18.63

Bank Policy and the Bourse.—The reduction of the official rate from 9 to 8 per cent. decreed by the Austrian National Bank on January 27 goes some way to ease the situation of Austrian national economy. The fact that the Bank was able to lower its rate in view of the existing position on the money market and irrespective of the demand for cheaper credit made by the productive community is a reason for gratification. There had been a temporary tension in the last week of December finding expression in higher money rates and largely

increased demands made on the National Bank, but this had eased considerably during January, and the money market was very fluid at the time when the reduction was decreed and is still so at present. The confidence felt in banking circles that no unfavourable reaction was to be apprehended from a lower bank rate has been fully confirmed by subsequent events. There is no evidence, besides, that the reduced rate has had any influence on the amount of savings deposits and of foreign short term credits, and the President of the National Bank was justified in referring to the reduction as an expression of confidence in the permanent nature of the economic improvement achieved in Austria.

A substantially better tone has been prevailing on the Vienna Bourse since the beginning of the year, but it is significant that the impulse for the improvement of the tendency came from abroad, foreign banks having placed considerable orders in first-rate Austrian shares, whereas the inland public has, with few exceptions, maintained a reserved attitude. The change has been wrought not only through foreign purchases and the more optimistic spirit which characterised neighbouring Bourses in the month of January, but is also due to the position of the Vienna market, which, from a technical point of view, can be termed decidedly favourable. On the one hand, weaker firms have been gradually eliminated and their holdings of shares have passed into the hands of powerful concerns, and, on the other hand, the stocks and shares in the possession of the Supporting Syndicate are now known to be blocked for a number of years and an improvement setting in on the Stock Exchange cannot now be paralysed as before by anxieties lest the Supporting Committee unload on the market part of its holdings. The weaker tendency of the Berlin Stock Exchange towards the first week in February, which was partly the effect of the Italo-German incident, has produced a certain reaction on the Vienna Bourse, which showed, however, considerable power of resistance, and though the volume of business has lately been restricted quotations have but slightly declined. The further development of the market will partly depend on the dividends paid by Austrian companies. On the basis of last year's yield and of a return of five per cent. on savings deposits at call, which rules at present, most Austrian shares can still be said to be decidedly undervalued. The Government has now reduced the turnover tax on Stock Exchange transactions from 2.4 to 1.2 per mille, and simultaneously therewith the banks have lowered the rate of commission charged by them on such operations from 6 to 4 per mille. These reductions had been planned for some time past, but a period of comparative quietness on the stock market has, for obvious reasons, been chosen to make them known.

The National Bank is paying the same dividend for 1925 as for the preceding period, viz. 10½ per cent.

Savings have increased further and the total of savings deposits in Austria has been given as 600 million schillings, inclusive of accumulated interest, while at the beginning of 1924 the corresponding figure was 268 millions.

Industrial Situation and Labour Market.—With a view to creating fresh opportunities for work, the Federal Government and the Autonomous bodies have issued instructions for taking in hand at once all public works, where technical conditions allow of the inception at so early a date, for which the Federal and the various Provincial Budgets make provision in 1926. This concerns road building and repairs, various constructions, the purchase of material required by the Postal Administration, uniforms for the Federal army, etc. The Vienna City Government is also placing large orders in accordance with its programme of capital expenditure, and the construction of 200 lodgings involving an outlay of 50 million schillings is being commenced. Not only the building trade, but also the iron industry and the carpenters' and plumbers' trades will benefit thereby. An increase of private orders has also been registered and this refers particularly to the manufacture of high-grade steel, the works having received important commands from neighbouring countries and from Russia. An improvement is also noticeable in the manufacture of metal fittings. Factories which turn out agricultural machinery and implements are provided with orders for some time ahead and Russia is a particularly good customer. In the manufacture of edible oils a better use has been made in the course of last year of the existing plant, because it has been possible to increase by 25 per cent. the amount of consumption covered by the home industry. The export of edible oils to Yugo-Slavia has improved owing to the operation of the Austro-Yugo-Slavian Commercial Treaty, but sales to Poland have dropped in view of the restriction policy resorted to by the Polish Government. The paper, textile and chemical industries continue to be well employed.

Evidence is accumulating that the crisis on the labour market has passed its acute stage and that there is, especially in the Provinces, a growing demand for labour. The mild weather prevailing at present enables the resumption of building activity, though not yet on a large scale, and in most branches of industry conditions begin to improve. The Tenth Vienna Fair, which will be held at the beginning of March, is likely to give a further impetus in this direction.

Foreign Trade Policy.—A movement is on foot to facilitate Austrian exports by refunding to the various industrial enterprises the proportion of the turnover tax corresponding to the amount of their exports, and though the Government has not yet made known its decision on the matter it is likely that exporting industries will be allowed the benefit by a similar measure. The progressive development of the European trade treaty system will in the course of time make it easier for Austrian goods to compete on foreign markets. The commercial treaty concluded between France and Hungary, which has come into force recently, is an example in point. The contracting parties have been conceding each other tariff reductions which indirectly, through the operation of the most favoured nation clause, will be of advantage to Austria also. If a survey is taken of tendencies governing the foreign trade policy of European countries, it becomes evident that, while the import prohibition system is being gradually abandoned, recourse is had in most cases to high protective duties. Under the circumstances Austria cannot alone remain an island of free trade, as the Foreign Trade Expert of the Austrian Government pointed out recently, unless it is to be economically crushed. An increase of certain Austrian tariff rates is therefore under consideration. There is no question of a revision of the tariff in a protectionist sense, but only of an adaptation of some rates to existing circumstances. Agricultural products, iron and certain classes of machinery, are likely to come under higher Customs duties. (*Association of Austrian Banks and Bankers' Report.*)

ESTONIA

FINANCE

Financial Development.—According to recent statements made by the Estonian Minister of Finance, the 1925 Budget was the first to be drawn up with an estimated surplus, though every Estonian budget since 1922 has, by dint of great efforts in the direction of economy, been concluded with a credit balance. The Budget for the coming year commencing, April 1, has been balanced with E.Mks.7,734.2 mill., and the figures for expenditure and revenue in previous years are as follows (in millions of E.Mks.) :—

	Revenue.	Expenditure.	Surplus.
1922	7,083	5,517	1,566
1923	7,434	7,097	337
1924	7,475	7,407	63
1925 (10 months)	6,009	5,570	439

The serious economic situation which developed at the close of 1923 has been overcome without foreign aid

other than that received from the League of Nations, and Estonia is now at liberty to concentrate on productive work.

The Government has for some time been preparing the way for the establishment of a gold basis for the currency. A gold unit equivalent to the Swedish krone was adopted in 1924 as a basis for financial transactions, varying with the exchange. Subsequently the Estonian paper mark was stabilised at 100E.Mks. to the gold crown, and this level has been uniformly maintained ever since. The Gold Balance Bill passed in 1925 was the next step, prescribing the compilation of new balance-sheets in gold crowns, on the basis of a revaluation of actual assets.

Two other Bills will be presented to the State Assembly in the spring in order to complete the reform. The first of these will be the Gold Currency Bill fixing the gold parity, and the second a Bill fixing the minimum gold cover in connection with the conversion of gold into notes by the Bank of Estonia at 30 per cent.

Hitherto, in the absence of long term credit institutions, the Bank of Estonia has been obliged to undertake the issuing of credits of this nature, chiefly out of State funds. A land mortgage bank is now to be opened in addition to the Estonian Mortgage Bank to relieve the Bank of Estonia of this kind of transaction. It is further proposed to establish a bank for the purpose of financing industry.

There is a great shortage of capital in the country owing to the loss during the war of all money invested in Russia, and while the Bank rate is 10 per cent. the private rate is considerably higher. The placing of foreign money in the Estonian market is therefore encouraged and welcomed. The Estonian Industrial and Commercial Bank, the Dorpat Bank, G. Scheel and Co., the Esto-Russian Bank and the Tallin Joint Stock Bank are at present operating supported by foreign capital, which comes mainly from British and German sources, while foreign capital participates largely in financing the export of timber, flax, dairy produce, etc., and in the supply of industry with raw material.

The Government offers all possible facilities to foreign firms wishing to acquire interest in the oil shale industry. Among others, a big German group has recently received a concession, and is about to start operations on a large scale.

Certain foreign debts were incurred during the Independence War, in 1918–1920, owing to the purchase of ammunition and stores. The final instalment of the Estonian Government's debt to France was paid off in 1925, and a small loan raised in London under Estonian Government guarantee for the City of Reval was also repaid. Two funding agreements have been signed with Great Britain, one for a relief debt of £251,000 and another for military stores of £917,000, to be repaid in thirty years, also a further agreement with the United States of America for $13,830,000, to be repaid in sixty-two years.

Several goods credits, under Government guarantee, have been arranged during 1925, such as the Swedish credit for the purchase of agricultural machinery, seeds and fertilisers, a similar credit in Finland, and in England a ten years' credit under the Trade Facilities Act for the supply of railway material. (*The Riga Times.*)

TRADE

Foreign Trade Returns for 1925—The official statistics for 1925 include a table showing the participation of the various States in Estonia' foreign trade. As in the 1924 statistics, 15 States are taken up representing about 98 per cent. of the total foreign trade of Estonia. As regards imports the three most important States are Germany (29.5 per cent.), the United States (23.6 per cent.), and England (12.2 per cent.). These three represent 65.3 per cent. of Estonia's total imports. During the last three years there has been a considerable decrease in imports from England and Germany, compensated by the steady increase of imports from America:—

	1923. Per cent.	1924. Per cent.	1925. Per cent.
Germany	51.0	36.6	29.5
England	19.7	14.0	12.5
United States ...	3.7	12.5	23.6

This redistribution of participation is largely due to a new arrangement of the statistics, goods now being classified strictly under the country of origin. This is particularly true in the case of Germany, from which country large quantities of goods of overseas origin are imported. It is impossible to tell to what extent the import of German products has decreased. Among the other countries the percentage shows but little change. The imports from Holland, however, have increased from 2.7 per cent. to 3.6 per cent., and those from France from 1.1 per cent. to 1.7 per cent. The variation in the imports from Soviet Russia are noteworthy: in 1923 they amounted to 4.0 per cent., in 1924 to 12.8 per cent., and in 1925 to 4.4 per cent. of Estonia's total imports.

Of the total exports 54 per cent. of the 1925 result went to Germany (31 per cent.) and England (23 per cent.) The share of these two States during the past three years has varied as follows:—

	1923. Per cent.	1924. Per cent.	1925. Per cent.
England	34.1	33.5	25.0
Germany	10.8	22.5	31.0

This redistribution is chiefly owing to the stabilisation of the German currency. Germany has been Estonia's chief customer for butter since 1924, and increasing consignments of flax go to that country, the quotas of other countries decreasing accordingly. Latvia's share in Estonia's exports has also decreased from 8 per cent. in 1923 to 6.6 per cent. in 1925. Soviet Russia is a great purchaser of Estonian products, the quota of that country having risen from 5.3 per cent. in 1924 to 10.8 per cent. in 1925 of the total exports.

The development of the balance of trade during the past three years is as follows (in millions of E.Mks.):—

	Imports.	Exports.	Difference.
1923	9,232	5,712	— 3,520
1924	8,204	7,866	— 338
1925	9,655	9,665	+ 10

The deficit, therefore, decreased rapidly in 1923 and in 1924, and in 1925 a small credit balance resulted, the turnover, at the same time, showing a considerable increase.

Increased industrial production is the first cause of the increase in the total imports. The imports of raw cotton and raw materials for the leather industry show a very considerable rise, and this is also the case with metals to a smaller extent. The increased import of fertilisers has been entirely utilised for the benefit of agricultural production, and the drop in the import of seeds is solely attributable to the improvement of the harvest as against 1923. The considerable increase in the import of textile manufactures is a proof of the increased buying power of the population. The fall in the import of agricultural machines is due to the overstocked market. In spite of enhanced activity in industry the import of coal has decreased. The weight of the total imports amounted to 86,467 tons in 1925, 99,676 tons in 1924 and 110,768 tons in 1923.

The most noteworthy increase where exports are concerned is in dairy produce, butter being the most important article. The export of fish has experienced a slight increase, but all other foodstuffs and beverages imported show a falling off owing to the complete stoppage of the export of spirit. The export of live stock has risen, but the export of wood has dropped both in weight and value. In flax the export has fallen from 11,414 tons in 1924 to 8,340 tons. A considerable increase is shown in the export of the products of the textile (cotton) industry. Other industrial products, the export of which has increased are cement, matches, and inlaid goods. (*Revaler Bote.*)

The Export of Flax in 1925.—According to official statistics, the flax export from Estonia has developed as follows :—

Year.	Tons.	Millions of E.Mks.
1922	9,659	988
1923	9,327	1,085
1924	10,433	1,690
1925	7,574	1,287

The falling off of the flax exports during the past year as compared with 1924 is striking. The Central Statistical Office considers that this decrease, amounting to nearly 3,000 tons, is due to a deterioration in the crop. The 1924 harvest was better than the preceding one, and it must be asumed that a part of last year's flax crop, owing to bad organisation, remained in the hands of the producers or in the storehouses of the buyers.

According to this assumption the export of the past year should have reached a much higher figure (according to weight) than that of 1924, for the last year's stocks had to be disposed of, and the 1925 crop, if only on account of the greater area of cultivation, should have been better than that of 1924 from the point of view of quantity. The average price obtained for the flax may be deduced from the above table. It amounted in 1924 to 2,800 E.Mks, and in 1925 to 2,700 E.Mks. per pood. It is a well-known fact that prices dropped sharply in 1925, so that if the difference between the two average prices is so small,the explanation must be that very little flax was exported during the period of the greatest drop in price, in the second half of 1925.

Flax was exported to the following countries (in tons) :—

	1924.	1925.
Belgium	2,696	2,019
Denmark	91	23
England	3,780	1,838
Latvia	41	169
France	603	1,838
Sweden	176	124
Germany	1,923	1,022
Finland	1,091	551

The only considerable increase was in the export to France, while England bought much less than in 1924. (*Revaler Bote.*)

COMMUNICATIONS

Reval Shipping in 1925.—A table is published in the *Revaler Bote* showing the nationality, number and tonnage of ships arriving in the port of Reval during 1925 bound for foreign ports, as follows :—

	Ships.	Gross registered tonnage.
German	455	278,202
Finnish	352	130,757
Estonian	490	73,367
English	72	66,518
Danish	55	32,658
Swedish	73	31,261
Norwegian	21	12,593
French	13	11,277
Latvian	22	9,159
Dutch	10	3,909
Russian	6	3,563
Polish	2	852
Total	1,571	654,116

The total figures for coastal and foreign shipping during 1925 are as follows :—

	1925.		1924.	
	Ships.	g.r.t.	Ships.	g.r.t.
Arrived	3,326	745,898	3,191	667,284
Sailed ...	3,329	741,966	3,230	670,476
Total	6,655	1,487,864	6,421	1,337,760

Shipping in 1925 showed an increase of about 11 per cent. as compared with 1924.

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FINLAND

POLITICAL AND GENERAL

The Economic Situation in 1925.—It is a well-known fact that Finland before the war was largely dependent upon the Russian market, which absorbed during the period 1901 to 1913 30 per cent. of her foreign trade. In addition to this must be reckoned the money brought into the country by Russian garrisons, Russian villa proprietors and Russian summer visitors. By the Declaration of Independence Finland lost for many years the entire Russian market, while during the war Russia had been her sole outlet. The country had to remould itself upon the West, and has been occupied since 1918 in doing so with admirable determination and persistence. The past year has on the one hand witnessed the strong promotion and active development of trade with Russia, and on the other the closer welding of the numerous relations with Western Europe and the new world. The Spanish Trade Agreement, which is intended to re-animate the timber export after a trade war lasting many years, only came into force at the close of the year. The Trade Agreement with Italy did not promote trade with Finland to the extent expected, but a direct shipping line to New York has now opened the way to a profitable new timber market to replace the failing European one.

Finland's foreign trade in 1925 with F.Mk.5,513 mill. of imports and F.Mk.5,569.6 mill. of exports constitutes a record, as against last year's figures—imports 4,713.3 mill. and exports 4,965.6 mill. the previous maximum result. The last two years have produced a greater volume of foreign trade than the best pre-war year, 1913. As regards export surplus, however, 1925 is 56.6 mill. behind 1924 (255.1 mill.).

In regard to the distribution of Finland's foreign trade among the various countries, the greatest change has occurred in trade with Russia. In November 1925 the export surplus in trade with Russia amounted to 347.4 mill., whereas during the same period of the previous year, owing to the Russian grain export, there was an import surplus of 26.7 mill. Trade with Germany in the same month shows that imports from Germany rose from 1,305.6 mill. to 1,538.5 mill., while Finland's exports to Germany increased more rapidly, from F.Mk.412 to 715.3 mill. The import surplus in trade with Germany has thus fallen from 893.6 mill. in 1924 to 823.2 mill. in 1925. Imports from England in the first eleven months of 1925 fell, in comparison with the same period of the previous year, from F.Mk. 836.8 mill. to 825.7 mill., while exports to this most important customer of Finland rose slightly from F.Mk.1,841.4 to 1,939.5 million. Germany's share in Finnish imports amounted to 31.9 per cent. as against 29.7 per cent. at the end of November 1924, and England's correspondingly 17.1 per cent. and 19 per cent. England takes first place in Finland's exports with 37 per cent. as against 40.4 per cent. at the end of November 1924, Germany following with 13.6 per cent. as against 9 per cent.

One of the most gratifying features of 1925 is the good harvest, which was equal to that of 1924. The bad results of the poor harvest of 1923 have now been gradually made good. It is noteworthy that Finnish cattle breeding, always in high repute, has made further progress of late years, resulting in a large increase in the butter and cheese exports, which represent 10 per cent. of the total exports as against 6 per cent. in 1924. The gross output of Finnish agriculture is estimated during the past two years at about F.Mk. 5,730 mill., while the profit after deduction of the cost of raw materials represents F.Mk.4,537 mill. The gross production of Finnish industry, on the other hand, is estimated at 9,345 mill. and the net value at F.Mk.4,262 mill. Forestry, the third great production group in Finland, gave a gross result of 4,440 mill., one-half of which represents the value of raw material. These figures, which represent the result of 1924, are thought

to have been exceeded in the past year. In any case an extraordinarily great increase in production has been registered in the wood goods, cellulose and paper goods branches. About 1,031,000 standards, as against 1,018,000 standards in 1924, have been exported. The cellulose exports rose from 261,644 tons to 272,630 tons in 1925. The Finnish paper exports also increased, from 183,331 tons to 216,806 tons.

The introduction of the gold currency on January 1 was a favourable sign for the economic life of the country. The profits of the Bank of Finland, after writing off, amounted to F.Mk.82.7 mill. for 1925. There is a general relaxation on the money market, with a tendency to reduce the rate of interest. The number of bankruptcies has decreased as compared with the previous year. In the first ten months of 1925 there were 763 as against 959 in the same period of the previous year.

The State finances are in a particularly favourable position. The State debts have certainly increased during 1925 from F.Mk.2,279 mill. to 2,475.3 mill., but this increase of F.Mk.196 is a relatively good result in view of the fact that a large foreign loan of F.Mk.397 mill. was taken up during the year. The State finances, however, are subjected to sharp criticism within the country. It is pointed out that State expenditure rises steadily from year to year, in spite of great economy. The Budget for 1926 balances with F.Mk.3,426.7 mill. as against F.Mk.3,278.6 mill. in 1925. For next year also a deficit of 100.9 mill. will have to be met from the reserve funds, though every effort has been made by the introduction of a number of new taxes (increase of tobacco, coffee and sugar duties by F.Mk.1 per kg., increase of inland postage, etc.) to cover the expenditure. In regard to the duty on sugar, it has been ascertained that it will not bring in the F.Mk.50 mill. expected from it in 1926, for during the last two months of 1925 more than a year's supply of sugar was imported (56,499 tons).

As *Mercator* recently complained, Finland is suffering from "over-good finance." The greatest evil is that the reserve capital, nine-tenths of which was dispersed during the inflation period, is only beginning to accumulate to a quite inadequate extent, and the capital of the banks has not reached anything approaching pre-war standard. At the same time the State has to expend relatively large sums for defence, and very costly social reforms have been set on foot, involving the investment of State capital in State socialistic industrial undertakings, often with poor results. The much debated ban on alcohol is particularly objectionable to a number of taxpayers because large State funds are lost in the absence of the alcohol duties, which formerly served to lighten taxation.

In view of the heavy burden of taxation, which is far greater than that of other Scandinavian countries, it is not strange that the Finnish citizens, especially those engaged in the heavily taxed industries and the larger landowners, make a certain amount of complaint. It must, however, be admitted that Finland has fought her way through many difficulties in the past year and has made once more visible progress. (*Revaler Bote.*)

INDUSTRY

Finland's Paper Industry. — The *Hamburger Fremdenblatt* publishes statistics showing the development of the paper industry in Finland in comparison with Germany, giving the Finnish output over the last thirty-five years as follows, excluding pulp :—

	Tons.		Tons.
1890	15,272	1916	196,977
1900	45,206	1922	212,575
1910	159,616	1923	208,200

By far the larger proportion of this output falls to newsprint, with 60 to 70 per cent. Packing paper takes second place, and the remaining 10 per cent. represents the better quality writing and printing paper.

Of the total production only about 10 or at most 12 per cent. is used in the country ; the remainder must be exported. Thus, for example, the export of paper amounted (exclusive of pulp) to—

	Tons.
1923	173,319
1924	183,332
1925	216,806

of which the following amounts were newsprint :—

	Tons.
1923	127,000
1924	134,800

Germany's paper production amounted in 1924 to 1,377,000 tons, of which 311,000 tons were exported, 122,486 tons being newsprint.

Up to the beginning of the war Finland sold the bulk of its paper production (at least 75 per cent.) to Russia, the greater proportion once more being newsprint. It is only since the war therefore that Finland has come into the market as no mean competitor against Germany. The sales in Russia were rendered difficult owing to a falling off in the demand, and Russia herself of late years has drawn her supplies in the most varied species of paper from other countries, where she formerly bought exclusively from Finland.

There can be no doubt that the Finnish paper industry, in consequence of its good raw material basis, particularly timber and water power, is still capable of much development. Extensions are already planned, the Factory Warkaus for example intends to set up a large new printing paper machine 6m. wide. This machine has been ordered in Germany, and is said to have a daily output of at least 100 tons. A similar machine has already been running for five months in Stettin and turns out about 100 tons per day.

The one comfort remaining for Germany in considering Finland as a rival in the paper market is the fact that the latter will be forced to place large orders for machines in Germany in order to develop her industry.

The Timber Industry.—Finland's export trade is entirely dominated by the timber refining industries. If the value of all wood products is estimated together, including saw mills, joineries, fibre twisting, mechanical and chemical pulp, paper, matches, tar, etc., it amounted for 1924 to a total of F.Mk.4,190 million, which represents 85.8 of the total exports. If only the value of sawn wood goods is taken, the figures are F.Mk.2,192 or 44.9 per cent.

The first sawmills were established in Finland in the middle of the sixteenth century. They were set up on Crown lands and the output was used for castles and fortresses. These State sawmills were placed along the coast to facilitate the transport of the timber. The development of the sawing industry was restricted by severe decrees, and the export of wood products grew very slowly. The turning point came in 1857 with a decree allowing the establishment of sawmills, and soon afterwards the first steam sawmill was set up at Björneborg at the mouth of the Kumo. A great development immediately took place in Finland's timber exports, which proceeded with the greater ease as England in 1865 removed her import duty on timber.

There are now some 300 sawmills at work in Finland. The greatest export harbours for timber are Viborg and Kotka on the south coast, and Björneborg, Ulsaborg and Kemi on the west. The sawmills now employ more than 48,000 hands (1924), which represents about 28 per cent. of all the industrial workers in Finland. This figure only includes the workers in regular employment. Finland's exports of sawn timber amounted on an average in standards (165 English cubic feet, 1 cubit foot = 0.02832 cubic metre) to :—

	Standards.
1881–85	277,588
1891–95	358,489
1901–05	634,724
1911–13	775,108
1921	642,856
1922	847,440
1923	900,298
1924	1,017,784

It is probable that the same figure will be attained in 1925 as in 1924.

The exports to Germany, which before the war reached a maximum of 147,556 standards, has not regained that level, in spite of the improvement in recent years.

In order to watch over the interests of the sawing industry the largest sawmill firms have associated themselves in the Union of Finnish Sawmill Owners. The firms represented in the Union represent two-thirds of the total production of Finland's sawn timber. There is yet another small organisation called Suomen Paulutto, to which many small producers belong. (*Hamburger Fremdenblatt.*)

Ores and Mining.—The most important mining undertaking in Finland at the present time is the Outokumpus Copper Works on the Kuusjärvi Lake in the Province of Kuopio. The Riksdag has decided to construct a railway from Joensuu westwards to Alapitkä, touching at Outokumpun on its way. The ore deposits there are estimated at 8 million tons containing 4.5 per cent. of copper, which is a very high percentage, as the average copper content in the ore deposits of the world is estimated at 2 per cent. The value of Outokumpun is probably not less than that of the copper mines of Falun. A by-product of the said copper works is sulphuric acid, which is of great importance to the cellulose industry. The Outokumpun ores contain 27 per cent. of sulphur. During the period 1910 to 1918 about 50,000 tons of ore-bearing rock was mined. It is not yet decided whether the State will take over the copper works and ore beds entirely, or whether foreign capital shall be used in part for their exploitation. The methods of development are still under discussion, and capital and technical organisation are at present wanting.

Another undertaking is the iron ore mine on the Island of Jussarö, in which a certain amount of German capital is invested. The ores are estimated at 30 million tons and the ore contains 38 per cent. iron, 0.021 per cent. phosphorus and 0.006 per cent. sulphur.

A very extensive tract of ore is to be found on the north-east bank of Lake Ladoga near Pitkärauta and Valimäki. As, however, the iron content of the ores is small (27 or 24 per cent.) the work is not carried on vigorously, and gives but poor results. Copper, zinc, tin, lead and silver ores have been found near Pitkärauta, but the working of them has never been satisfactorily developed.

The greatest ore deposits of Finland lie, however, in the far north, and are still awaiting exploitation backed by capital. In the district known as Juvakaisenmaa there is an iron ore bed of 1.5 km. in length with a breadth of 20 to 30 m., containing 40 to 50 per cent. iron besides sulphur and copper. The same lode runs further up into a 3 km. long iron ore deposit in the Rivikkopalo district, concerning which research work is being carried on. These and another iron ore bed in the same neighbourhood belong to the Kolari Company. A further iron ore vein 10 km. long is to be found in Kittilä.

Detailed research has proved that the Finnish ice-sea district also possesses valuable mineral treasures. Up to the present three different nickel and copper deposits have been examined with the following results: the first deposit contained 7.30 per cent. nickel and 1.66 per cent. copper; the second 2.85 per cent. nickel and 1.73 per cent. copper; and the third 4.24 per cent. nickel and 10.66 per cent. copper. The deposits are from 40 to 60 km. from the deep mouth of the Petsamofjord and lie in loose thin deposits of earth. The establishment of a mining industry in this district will be only a question of time.

COMMUNICATIONS

Shipping Returns.—*Mercator* publishes shipping statistics for the first ten months of 1925 according to which 7,397 vessels with a total tonnage of 3,732,254 g.r.t. entered Finnish ports, as against 7,046 vessels with 3,283,195 g.r.t. in 1924. The outward sailings were 7,227 vessels with a total tonnage of 3,619,675 g.r.t. as against 6,862 vessels with 3,246,309 tons in 1924.

Five ice-breakers are employed keeping open the route to Abo and Hangö. The ice has come very early and the winter threatens to be very severe. A new seagoing ice-breaker has been ordered from Holland and is expected from day to day. Finnish shipbuilding is still in a very bad condition. The shipping traffic of the past year constitutes a record, but the participation of Finnish ships is relatively small. For the transport of timber and wood products it amounted to only 9 per cent. (*Revaler Boten.*)

FRANCE

POLITICAL AND GENERAL

The Financial Crisis.—The financial prospects of the Government presented by M. Doumer to the Chamber of Deputies provided for increased taxation to produce Fr.4,985 million, which in the opinion of the Minister of Finance represented the indispensable minimum to restore the financial situation. The Chamber, in which the Cartel des Gauches commands a large majority, whittled these proposals down so as to produce no more than Fr.1,600 million, leaving a deficit of Fr.3,385 million. The object apparently was twofold: to avoid incurring the unpopularity attaching to a heavy increase in the burden of taxation, and to place the Senate in the position of having to introduce adequate fresh sources of revenue—which would open the way for the constitutional conflict between the two Chambers which the Cartel des Gauches would welcome as an election cry at the next appeal to the country as a means of distracting public attention from its own disastrous mismanagement of the affairs of the country—or, alternatively, of reinstating the Government proposals, which would enable the Cartel to divert to the Senate the unpopularity attaching to increased taxation, notwithstanding that these means were specifically the work of the Cartel Government.

Even if the Senate's right of "amendment" is recognised by the Chamber, the issue is complicated by the fact that the financial proposals sent up by the Chamber are not a Government measure raised by the Chamber, but a rival measure produced by the Cartel des Gauches in opposition to the Government Bill, to which the Government proposals not included in the rival measure were submitted as amendments and rejected; and any attempt of the Senate to introduce proposals which were never part of the Cartel's rival scheme, and which moreover were rejected when put forward as amendments to it, will almost certainly be challenged by the Extreme Left in the Chamber as a violation of the right of initiative of the lower house in respect of money Bills. As a matter of fact the Finance Committee of the Senate, at the urgent request of M. Doumer, has actually by an immense majority incorporated in the Bill the Government proposals rejected by the Chamber, the crucial tax on payments being adopted by 22 votes to 0, with 8 abstentions, the Premier having expressly declared that the initiative in this instance was not being taken by the Senate, but by the Government itself in the full exercise of its rights. Any scruples that subsisted M. Briand swept aside with the assurance that, strong in the support of the Senate, he would insist on the proposals as returned by the upper house being ratified by the Chamber, failing which the Government would resign.

The Minister of Finance, however, requires another Fr.600 million with which to balance the Budget for 1926, Fr.400 million of which he proposes should be provided by an increase of 30 per cent. in the Customs duties and Fr.200 million by an appropriation of the yield from the sale of old stocks. The proposal to increase the Customs tariff not having yet been submitted to the Chamber of Deputies, the Finance Committee of the Senate out of respect for constitutional practice declined to consider it, but the appropriation from the proceeds of the sale of old stocks does not require legislative sanction. The former, therefore, will have to be introduced in the Chamber.

The Finance Committee of the Senate has discharged its duty promptly and with due regard to the prepossessions of the Chamber and the interests of the

country. The Senate itself, which began the debate on the Bill on Wednesday, may be trusted to shoulder its responsibilities in the same patriotic spirit.

FINANCE

Revenue Returns for January. — The revenue returns for January are the highest on record for any single month. For the first time the proceeds in respect of the General Budget have not only reached but actually passed the four milliard mark. This is chiefly the result of heavy payments in respect of the general income tax and of the schedule taxes on income (*impôts cédulaires*) in order to avoid the surcharge of 10 per cent. chargeable on assessments in respect of 1925 remaining unpaid on January 31, 1926. But there is an increase too in the yield from indirect taxation. The returns for January in respect of the General Budget, omitting the receipts from Posts, Telegraphs and Telephones which are included in a separate account, amounted to Fr.4,000,639,990 or Fr.248,320,090 more than in December and Fr.1,251,139,990 more than in January 1925. The monthly returns for the whole of last year were as follows (in francs):—

January ...	2,749,500,000	July ...	2,534,068,100
February ...	1,952,500,000	August ...	1,812,719,700
March ...	2,034,000,000	September	1,867,684,400
April ...	2,976,500,000	October ...	2,973,845,200
May	1,998,779,400	November	2,939,570,700
June	1,896,681,900	December	3,752,319,900

Included in the January total of Fr.4,000,639,990 is a sum of Fr.71,733,600 derived from special and miscellaneous sources and *recettes d'ordre*, Fr.55,107,000 of which represents the proceeds from the war profits tax. The ordinary permanent revenue, therefore, amounted to Fr.3,928,906,300 as against Fr. 3,620,932,700 in December and Fr.2,676,311,200 in January 1925. (A full statement of these monthly returns for 1925 and 1924 was published in THE ECONOMIC REVIEW of January 22, p. 65.) This is a record figure, being Fr.307,973,600 above the previous highest yield registered in December. As compared with the returns for January 1925 last month's ordinary permanent revenue shows an increase of Fr.1,252,595,100. The total under this heading, viz. Fr.3,928,906,300, was made up as follows: Direct taxation, Fr. 1,546,421,300, or an increase of Fr.946,515,300 as compared with January 1925; Public Domain, Fr. 13,313,000, or an increase of Fr.3,192,800 as compared with January 1925 and one of Fr.3,519,700 over and above the Budget estimate; and Indirect taxation and Monopolies, Fr.2,369,172,000, or an increase of Fr.302,887,000 as compared with January 1925 and one of Fr.254,297,100 over and above the Budget estimate. The following table shows the yield from the various categories of indirect taxes and monopolies as compared with the returns for January 1925 (in thousands of francs):—

	January 1926.	Difference compared with Jan. 1925.
Indirect Taxation.		
Registration on transfer of property ...	609,600	+ 85,103
Stamp duty	147,589	+ 40,121
Duty on Stock Exchange transactions	20,745	+ 12,324
Tax on income derived from stocks and shares, etc.	336,931	+ 3,184
Luxury tax	942	+ 90
Turnover tax	498,388	+ 68,625
Customs duties	115,726	— 5,908
Excise and other indirect contributions	359,115	+ 46,785
Duties on Colonial produce	19,853	+ 2,480
Salt tax	3,560	— 50
Sugar and saccharine	16,156	+ 2,853
Petrol and petroleum	28,911	— 3,944
Benzol	968	— 253
Monopolies.		
Indirect contributions and miscellaneous undertakings	210,688	+ 51,477
	2,369,172	+ 302,887

In studying these figures account must be taken of the fact that prices from one year to another have risen considerably, seeing that this rise affects the yield of duties levied on an *ad valorem* basis. The proceeds from the turnover tax, including the substituted taxes on coal and meat, are the highest on record since the introduction of this import, and exceed the returns for January 1925 by Fr.68,625,000, being moreover Fr.96,821,000 in excess of the Budget estimate. Those from the first five items in the above table, aggregating Fr.1,115,807,000, show an increase of Fr.140,822,000 as compared with January 1925 and one of Fr.143,592,100 over and above the Budget estimate. Customs duties (including the duties in respect of mineral oil), colonial produce, salt, sugar and saccharine, petrol and petroleum, and benzol yielded Fr.163,982,000, or 4 per cent. less than in January 1925 and 9 per cent. below the Budget estimate. Indirect taxation, including duties on consumption, gave a total of Fr.590,517,000, or Fr. 101,385,000 more than in January 1925 and Fr. 30,980,000 over and above the Budget estimate.

The tobacco monopoly produced Fr.197,373,000, or Fr.48,865,000 more than in January 1925, owing to smokers getting in supplies in anticipation of the announced rise in the prices of tobacco. In view too of an early increase in the duty on alcohol, this import brought in Fr.176,643,000, or Fr.20,942,000 more than in January 1925.

Direct taxation produced a total of Fr.1,546,421,300, or Fr.946,515,300 more than in the corresponding month of last year; this increase is explained by a desire on the part of taxpayers to avoid the surcharge of 10 per cent. chargeable on outstanding liabilities, as already mentioned. In December the revenue from direct taxation was even higher, amounting to Fr. 1,571,508,200. In this year's returns, however, are not included the proceeds from the so-called Loucheur taxes of December 4, 1925, amounting to Fr.104,991,700 —Fr.96,991,700 from direct contributions and mine rents, and Fr.8 mill. from the tax on income derived from stocks and shares, etc.

Finally, the revenue from Posts, Telegraphs and Telephones, which is not included in the general Budget, amounted in January to Fr.148,228,000, or Fr. 12,761,000 more than in January 1925, but Fr. 5,772,000 below the Budget estimate. (*Le Temps.*)

TRADE

Provisional Franco-German Trade Agreement.— The *Temps* announces the signing on February 12 of a provisional trade agreement under which the French and German plenipotentiaries accord Customs facilities to certain products of their respective countries. Under the terms of this agreement the seasonal products of French agriculture imported into Germany will enjoy most favoured nation treatment and a stipulated reduction of tariffs. Germany, in return, will obtain the minimum tariff or percentages of reduction on the difference of the two French tariffs for sawn timber, certain chemical products, certain categories of agricultural machinery, household articles, articles of furniture other than those in turned wood, etc. These advantages are, in the case of certain French and German products, restricted to specified quantities. Guarantees are also provided for in respect of consumption duties and Customs duties relating to the products that form the subject of the agreement, as well as with regard to the treatment of commercial travellers and samples. The agreement is concluded for a period of three months, the contracting parties sharing the hope that a final treaty will have been concluded before its expiration.

Foreign Trade Returns for January.—The foreign trade returns for January include imports aggregating 3,629,359 tons of a value of Fr.4,483,033,000 and exports aggregating 2,271,275 tons of a value of Fr.3,868,345,000. This shows an increase in volume as compared with January 1925 of 110,806 tons and one in value of Fr.1,319,159,000 as regards imports, and a decrease in volume of 5,436 tons but an increase in value of Fr. 317,815,000 as regards exports. There was an adverse trade balance, therefore, of Fr.614,688,000 as against a favourable trade balance in January 1925 of Fr. 386,656,000. Comparing the value of imports and exports with last year's figures, it will be seen that the

former show an increase of 41 per cent. as against an increase of only about 9 per cent. in the case of the latter. On the import side foodstuffs are up to the extent of 47 per cent. and raw material and semi-manufactured goods to the extent of 43½ per cent., but only to the extent of 23 per cent. in respect of manufactured goods. On the export side the percentage increase in foodstuffs is negligible, but raw material and semi-manufactured goods show an increase of 18 per cent. and manufactured goods one of 5.6 per cent. It will be noticed that the Customs authorities in their returns have now done away with the caption " Exports by parcels post," which are now distributed over the three other categories, thus facilitating the comparison of imports and exports.

The following table shows the volume of the import and export trade in tons :—

	Imports.		
	1926.	1925.	Increase.
Foodstuffs	383,711	288,390	95,321
Raw material and semi-manufactured goods	3,150,808	3,135,507	15,301
Manufactured goods ...	94,840	94,656	184
Total	3,629,359	3,518,553	110,806
	Exports.		
	1926.	1925.	Difference.
Foodstuffs	107,815	124,535	— 16,720
Raw material and semi-manufactured goods	1,826,136	1,879,641	— 53,505
Manufactured goods ...	337,324	272,535	+ 64,789
Total	2,271,275	2,276,711	— 5,436

On the import side the increase in the total trade is only a little over 3 per cent., foodstuffs alone showing any substantial rise, viz. 33 per cent. On the export side foodstuffs are down to the extent of 13 per cent. and raw material and semi-manufactured goods to the extent of 3 per cent., but manufactured goods show an increase of 24 per cent.

The following table shows the corresponding value of the above trade (in thousands of francs) :—

	Imports.		
	1926.	1925.	Increase.
Foodstuffs	794,333	539,341	254,992
Raw material and semi-manufactured goods	3,206,263	2,232,321	973,442
Manufactured goods ...	482,437	391,712	90,725
Total	4,483,033	3,163,874	1,319,159
	Exports.		
	1926.	1925.	Increase.
Foodstuffs	341,107	324,856	16,251
Raw material and semi-manufactured goods	1,099,310	926,630	172,680
Manufactured goods ...	2,427,928	2,299,044	128,884
Total	3,868,345	3,550,530	317,815

The following table shows the movement of the import and export trade for the last thirteen months (in thousands of francs) :—

	Imports.	Exports.	Balance of trade.
1925 January*	3,163,874	3,550,530	+ 386,656
February	3,346,369	3,595,061	+ 248,692
March	3,306,700	3,762,244	+ 455,544
April	3,050,968	3,557,744	+ 506,776
May	2,968,672	3,640,187	+ 671,515
June	2,991,243	3,506,534	+ 515,291
July	3,033,549	3,484,373	+ 450,824
August	3,297,316	3,258,311	— 39,005
September	4,317,029	3,849,879	— 467,150
October	4,476,245	4,374,751	— 101,494
November	4,574,119	4,193,243	— 380,876
December	5,445,725	4,628,613	— 817,112
1926 January	4,483,033	3,868,345	— 614,688

* The figures for this month have been revised.

Comparing the January figures with those of the previous month, trade generally shows a decline, none the less marked for its being seasonal. Imports are down to the extent of Fr.962,692,000 and exports to the extent of Fr.760,268,000, which restores the returns to the September level. On both the import and export side all categories contribute to the falling off, but raw materials and semi-manufactured goods are chiefly responsible for it. A like falling off is apparent in the volume of trade, imports being down to the extent of 377,000 tons or 9 per cent. and exports to the extent of 376,000 tons or 14 per cent.

Summing up the position it appears that as compared with December the January returns show a general decline both in volume and in value, but this is to a certain extent at any rate a seasonal feature of the trade. On the other hand, as compared with January 1925 there has been a substantial increase in value, without a corresponding increase in volume. The increases in value, therefore, are exclusively due to the rise in prices, and are far more marked in the case of the imports than in that of the exports. Finally, the adverse visible trade balance continues at a high figure, exceeding for the two months of December and January a total of Fr.1,431 million. (*Le Temps.*)

Foreign Trade in Automobiles in 1925.—The Minister of Finance publishes the following return of the imports and exports of automobiles in 1925, with the corresponding figures for 1924 :—

Imports.		
Motor cars—	1925.	1924.
In metric quintals	225,458	174,769
In thousands of francs ...	159,081	108,644
Number of cars	16,213	14,249
Trucks, including spare parts—		
In metric quintals	5,357	3,522
In thousands of francs ...	1,221	880
Number of trucks	153	115
Exports.		
Motor cars—	1925.	1924.
In metric quintals	652,919	515,802
In thousands of francs ...	1,927,816	1,368,172
Number of cars	56,689	43,934
Trucks, including spare parts—		
In metric quintals	108,387	103,314
In thousands of francs ...	181,007	144,610
Number of trucks	4,782	4,193

It will be noticed, says *Le Temps*, that the average price of imported car in 1925 was Fr.9,800 as against Fr.7,700 in 1924, whereas the average price of exported car was Fr.34,000 as against Fr.31,150. This difference is attributable to the depreciation of the franc.

SOCIAL AND LABOUR CONDITIONS

Wholesale and Retail Prices and the Cost of Living.—The General Statistical Bureau publishes the following detailed statement with regard to the wholesale prices index numbers, the retail prices and the cost of living for January.

Wholesale prices.—The index numbers of wholesale prices show in the aggregate a rise of only 1 point as compared with December, whereas in December there had been a rise of 28 points as compared with the previous month, and in November one of 34 points as compared with October. The general index number calculated on the basis of 100 for 1914 and covering 45 articles, 20 of which being foodstuffs and 25 raw materials, stood at 647 at the end of January as against 646 at the end of December, 618 at the end of November, 584 at the end of October, 567 at the end of September, 569 at the end of August and July, 554 at the end of June, 531 at the end of May, 523 at the end of April and 524 at the end of March. The following table supplies a detailed statement for January, with the corresponding figures for the previous two months, the latter being final while the former are provisional :—

	No. of articles.	At the end of Jan.	Dec.	Nov.
General index number	45	647	646	618
Foodstuffs—				
In the aggregate	20	531	528	500
Of vegetable origin	8	538	531	517
Of animal origin	8	511	514	477
Sugar, coffee, cocoa	4	562	542	515
Raw materials—				
In the aggregate	25	748	751	722
Minerals and metals	7	698	692	674
Textiles	6	887	898	875
Miscellaneous	12	695	697	658

The rise of 3 points in the aggregate index number for foodstuffs as compared with December is chiefly due

to a rather sharp rise of 20 points in the prices of sugar, coffee and cocoa. There is also a rise of 7 points in the index number of foodstuffs of vegetable origin, but a slight fall of 3 points in the index number of foodstuffs of animal origin. With regard to raw materials there is a fall of 3 points in the aggregate index number, textiles having declined 11 points and the miscellaneous group 2 points, while minerals and metals have risen 6 points.

Retail prices.—Fluctuations in wholesale prices are always ahead of fluctuations in retail prices, hence, following the rise of 28 points in the general wholesale index number in December, the rise in the retail prices in January was more marked than that in the wholesale prices. The index number for Paris shows a rise of 17 points, from 463 to 480, as compared with a rise of 19 points in December and 11 points in November. The following table shows the monthly index numbers of retail prices in Paris for thirteen foodstuffs of prime necessity for the last thirteen months, the foodstuffs in question being bread, meat, bacon, butter, eggs, milk, cheese, potatoes, haricot beans, sugar, oil, petroleum and fuel alcohol :—

1925	January ...	408	1925	August ...	423
	February ...	410		September ...	431
	March	415		October	433
	April	409		November ...	444
	May	418		December ...	463
	June	422	1926	January	480
	July	421			

It may be added that at the end of November the index number for retail prices for the whole of France, i.e. for all towns of over 10,000 inhabitants, was 471 as against 451 in August, 435 in May, 442 in February, 428 in November 1924 and 401 in the previous August. At the end of November 1925 the index number for the northern area of the country was 485, for the eastern area 464, for the south-eastern area 476, for the southern area 465, for the western area 450, and for Alsace and Lorraine 487. The index number for retail prices in Italy in December, it may be pointed out, was 660, and in Belgium in January 527.

Cost of living.—The General Statistical Bureau also gives the index numbers for the cost of living as drawn up by the Paris District Committee. As in the case of the retail prices, these are on the basis of 100 for 1914. They represent the fluctuations in the cost of living for a working class family of four. The following table shows (*a*) the general index number, and (*b*) the index number of the expenditure on food in Paris for the last quarter of 1925, for the ten previous quarters, and for the fourth quarter of 1920, when these numbers were at their highest :—

		(*a*)	(*b*)
1920	Fourth quarter	370	389
1923	Second quarter	334	346
	Third quarter	331	333
	Fourth quarter	345	354
1924	First quarter	365	378
	Second quarter	366	377
	Third quarter	367	373
	Fourth quarter	377	389
1925	First quarter	386	403
	Second quarter	390	472
	Third quarter	401	419
	Fourth quarter	421	437

Thus the general index number and the index number of the expenditure on food in Paris show a rise of 20 and 18 points respectively in the fourth as compared with the third quarter of 1925. Further, the index number of the cost of heating and lighting rose from 373 to 402, and that of the cost of clothing from 460 to 510. The index numbers for rent and miscellaneous expenses were unchanged at 220 and 450 respectively.

The following particulars are added of the cost of living in the provinces: *Marseilles*, general index number on December 18, 475 as against 448 on October 23; index number of the cost of food, 509 as against 483. *Rouen*, general index number on January 14, 427 as against 406 in October; index number of the cost of food, 449 as against 422. *Bordeaux*, general index number on December 31, 440 as against 413 on September 30; index number of the cost of food, 486 as against 460. *Nancy*, general index number in December, 397 as against 391 in November; index number of the cost of food, 430 as against 423. *Dijon*, general index number on January 30, 480 as against 442 in October; index number of the cost of food, 531 as against 481. (*Le Temps.*)

COMMUNICATIONS

Additions to the Mercantile Marine in 1925.—The number of steamers of 100 gross tons and over added to the mercantile marine in 1925 was 25, aggregating 50,095 gross tons, and of motor ships 7, aggregating 24,393 gross tons. As regards the number of new steamers, the French figure was only exceeded by Holland with 26, the United States with 34, Norway with 45, Germany with 63, and Great Britain with 272; but as regards gross tonnage, this was only beaten by the United States with 69,402 gr.r.t., Germany with 126,324 gr.r.t., and Great Britain with 811,558 gr.r.t. In the matter of motor ships France's output was surpassed by Sweden with 10, the United States with 11, Denmark with 15, Italy with 16, Holland with 17, Great Britain with 51, and Germany with 56; while as regards gross tonnage the French figure was only exceeded by Holland with 31,508 gr.r.t., Sweden with 46,102 gr.r.t., Denmark with 69,607 gr.r.t., Italy with 101,479 gr.r.t., Great Britain with 267,217 gr.r.t., and Germany with 279,410 gr.r.t. As compared with 1924 France's output shows a reduction of 4,116 tons, and one of 62,000 tons as compared with the average output of the years 1911 to 1913, in spite of the fact that additional shipyards have been built since the war and that the building capacity of the other yards has been considerably increased. Moreover, a number of the vessels launched last year were on foreign account, and without these orders the shipbuilding industry in France would have been in very sore straits. (*Journal de la Marine Marchande.*)

GERMANY

FINANCE

Retrogressive Reich Finances.—The *Deutsche Allgemeine Zeitung* publishes an article criticising the development of State Finance during 1925 which contains the following table comparing the monthly reports of the Reich Central Treasury with the Taxation Survey published month by month in the *Reichsanzeiger* (in millions of R.Mk.) :—

1925.	(*a*) Payments to Central Treasury.	(*b*) Payments by Central Treasury	(*c*) State Revenue according to monthly taxation Survey.	(*d*) *c* + *b*.
January ...	778.1	622.0	768.8	124
February ...	693.9	583.3	648.2	111
March ...	622.9	618.6	601.7	97
April ...	668.4	649.7	652.9	100.5
May ...	629.7	647.0	610.9	94
June ...	546.9	586.3	561.3	96
July ...	692.7	629.8	713.6	113
August ...	557.8	603.8	523.4	87
September	539.1	633.0	522.0	82
October ...	749.9	708.6	674.7	95
November...	561.2	609.3	536.7	88
December	540.1	581.0	487.3	84

The payments to the Reich Central Treasury (*a*) do not exactly coincide with the State Revenue according to the *Reichsanzeiger* (*c*). This is chiefly owing to the fact that the proceeds of the Customs duties, tobacco, beer and sugar tax, and brandy monopoly are first placed at the disposal of the Commissary for pledged revenue, who then transfers them back to the Reich Central Treasury. This kind of to and fro transfer is detrimental to the money market as it increases the volume of day-to-day money, of which there is an excess, and decreases the supply of long term money accordingly.

Another reason for the discrepancy between the two columns is the fact that some of the payments made to the Central Treasury do not arise out of taxation. In the last column (*d*) the State revenue as per column (*c*) is compared with the payments made by the Treasury in column (*b*), showing by how much per cent. the revenue of the Reich exceeds, or is exceeded by, the expenditure. The deficit which has shown itself in the last five months of the past year is only a relative one, but the alteration of the relative positions of revenue and expenditure during the last half of 1925 shows with great clearness the changing financial position of the Reich. Every month since August shows a fairly high relative deficit, reflecting the decreased taxation and the deterioration of the economic position, which caused heavy deficiencies in revenue.

This development of course explains why the total volume of public money on the German market has recently experienced such a heavy reduction. To quote a few concrete figures. During the period January to July 1925 the Reich Central Treasury boasted an effective surplus of R.Mk.295 million, and from August to December 1925 there was a deficit of R.Mk.187 million. These figures speak for themselves. They also prove that the great liquidity on the public money market during the last few months of 1925 had nothing to do with the development of public funds, the more so as the Reich Post Office and the Reich Railways, which supply a large proportion of the public funds, experienced a similar retrograde development.

If, in spite of the decimation experienced by the volume of so-called public moneys in the past months, the liquidity on the public market has at the same time greatly increased, it merely proves that the money which is even now flooding the market originates in the first place from private sources. Leaving the question of foreign credits on one side, the decisive and dominating cause for the present liquidity on the money market is the economic crisis which has released and rendered inactive large sums of money, formerly locked up in the circulation of goods. Money will become scarcer as soon as the volume of trade increases, if it has not previously found its way into the share and capital markets, which would of course have the result of creating a tightening of the money market.

Export Credit Insurance.—There are three obvious ways of overcoming the economic crisis, says the *Deutsche Allgemeine Zeitung*; first, by reduction of prices and reduction of the standard wage; secondly, by increased production, and thirdly by the conquest of new markets. It is quite clear that the greater the success obtained under the second and third headings, the smaller will be the necessary reduction in the standard wage. The economic policy of the Reich will therefore be chiefly directed towards the two latter aims, and in the case of increased production there is but little scope for economic-political measures. In the opening up new markets, on the other hand, the economic policy of the Reich finds a large field for activity, and it is under this heading that the much discussed export credit insurance has been brought forward.

From the funds of the productive unemployment insurance the Reich is placing R.Mk. 10 million at the disposal of export credit insurance. By this means it is intended to facilitate exports which without this support would probably be lost to Germany. Export risks are to be covered as to one-third by the exporter, one-third by credit insurance, and one-third by the Reich. The Reich covers out of the 10 million fund both the 33⅓ per cent. quota of the State and the 33⅓ per cent. of the credit insurer in the case of the inability to pay of the debtor under catastrophic risks (war, disturbance, revolution, earthquake, Government measures). In the relation of the Reich to the credit insurer it will further count as a catastrophic risk when more than 250 per cent. in one year, or more than 100 per cent. in two successive years, with a minimum average in the two years of 125 per cent., of the gross premiums (inscribed premium plus premiums carried forward) has to be paid for gross damages.

The Reich is liable to cover all risks guaranteed by them to the extent of R.Mk.10 million beyond the premiums paid, but not for any damages involving more than R.Mk.10 million. The credit insurers will arrange by re-insurance in favour of those participating for the covering of all risks over and above the R.Mk.10 million in question and the premiums both as regards the discounting banks and the exporters. The reinsurer steps in when the 10 million fund and the premiums accruing to the Reich are exhausted.

Many objections are raised in regard to the probable success of the scheme, an article in *Wirtschaftsdienst* advancing that export will be hindered from two main causes, the high cost of production in Germany and the over-dear facilities for the financing of business. The first of these must be admitted as justified without argument, and the second is equally correct unless the Government, whose intention is to facilitate export, affords facilities of a special nature. In spite of this it is feared that credit insurance will be chiefly made use of by small manufacturers and newly established concerns, and that the market will thus be ruined. The result will be wasted public money and ruined business for the regular, respectable exporter and manufacturer for years to come. This appears a pessimistic view of the situation, but the truth is that the available capital basis is too small to enable good firms to avail themselves of the export facilities. The Government's plan must therefore be preceded by the easing of financial facilities. In Eastern Europe and the Orient first-class firms are obtaining from their English and American clients long term credits for goods, sometimes extending up to twelve months. German firms, unless they wish to lose business, must follow suit, but dare not take the risk owing to their own weak capital basis, unless they are relieved of part of the credit liability. The problem of the promotion of export, it is considered, should be handled first from the financial side and afterwards, from the point of view of insurance.

Experience will soon show, however, whether Germany is on the right track. The conclusion that insured bills must necessarily be bad bills is not based on experience, but on a preconceived judgment, which may prove unfounded.

Bankruptcies in 1925.—The bankruptcy statistics for the month of December and for 1925 as a whole are published in *Wirtschaft und Statistik*, and according to these there were 1,660 new bankruptcies and 1,388 firms placed under supervision during the last month of the previous year. This shows an increase of 23.6 per cent. for bankruptcies and 43.5 per cent. for firms placed under supervision as compared with November 1925.

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The following tables show the development of bankruptcies and supervisions over the individual months of 1925 classified according to economic groups :—

Bankruptcies.

	Agriculture.	Industry.	Goods trade.	Banks.	Other trades.	Various.	Non-specified.	Total.
Jan.	6	249	424	9	40	12	56	796
Feb.	6	215	397	2	41	6	56	723
March	6	229	430	11	46	17	37	776
April	5	237	345	7	55	9	29	687
May	11	273	429	8	49	10	27	807
June	9	262	409	3	43	9	31	766
July	13	291	403	5	40	16	29	797
Aug.	13	265	379	13	49	9	23	751
Sept.	6	378	424	3	66	11	26	914
Oct.	22	464	541	8	70	26	33	1,164
Nov.	28	508	649	11	74	33	40	1,343
Dec.	30	654	797	6	92	28	53	1,660
Total	155	4,025	5,627	86	665	186	440	11,184

Supervisions.

	Agriculture.	Industry.	Goods trade.	Banks.	Other trades.	Various.	Non-specified.	Total.
Jan.	5	123	96	4	9	1	18	256
Feb.	4	90	102	2	6	1	35	240
March	3	134	127	6	15	5	19	309
April	4	100	102	2	7	1	7	223
May	2	146	167	1	11	4	20	351
June	1	143	157	3	13	1	10	328
July	2	154	178	8	19	—	14	375
Aug.	3	180	163	3	15	1	14	379
Sept.	11	220	183	5	17	3	20	459
Oct.	19	282	264	4	29	8	27	633
Nov.	29	459	396	5	42	9	27	967
Dec.	50	630	572	20	49	15	52	1,388
Total	133	2,661	2,507	63	232	49	263	5,908

The groups claiming most attention are industry and the goods trade. The monthly bankruptcy figures for industry showed very little variation till August, but in September so sharp an increase set in that the December figure was nearly three times as large as at the beginning of the year. In the goods trade the upward movement did not begin till October and reached in December just double the February figure. The figures for firms under supervision follow the same course as for bankruptcies, only the degree of increase is greater in industry and the goods trade. The December figures are five times those at the beginning of the year. The figures under the heading of agriculture also show a heavy increase, both under bankruptcies and supervisions, during the last quarter of the year.

The Prussian Loan.—The Prussian Landtag has recently passed a law empowering the Prussian Government to provide by means of loans the sum of Mk.150 million for the development of mining ports and electrical works and for the promotion of agriculture. These loans are to be placed for the greater part abroad as long term loans, and the smaller proportion (at first Mk.30 million) will be placed at home in the form of 6½ per cent. Treasury Bonds maturing in 3 years' time.

While the money borrowed abroad is destined for mining, electrical development and harbour construction the proportion destined for agriculture will be borrowed at home. The intention appears to be to convert the Treasury Bonds at maturity into a long term loan.

The Budget surplus of R.Mk.72 million, which has already been distributed in the form of an instalment is to be repaid to the General State Exchequer out of the proceeds of the loan.

The money obtained from the new loans, after the repayment of the sums already advanced, will be utilised as follows :—

A.—For electrical works, R.Mk. 21.2 million, distributed as follows (in millions of R.Mks.) :—

1.	Prussian Power Station, Oberweser, A.G. ...	7.00
2.	Great Power Station, Hanover, A.G.	3.00
3.	Main-Weser Power Station...	4.00
4.	Upper Silesian Overland Station	1.00
5.	East Prussian Works	2.50
6.	Lahn Power Station	1.30
7.	Hesse–Nassau Overland Central	0.40
8.	Rhine–Maine–Danube A.G.	2.00

B.—For ports, a probable total of R.Mk.10,824,257, distributed as follows :—

1.	Fishery harbour, Wesermünde	3.67
2.	Inner harbour, Emden	0.17
3.	Stettin harbour	2.49
4.	Elbinsel Wilhelmsburg	4.50
5.	Construction and Continuation of Central Canal (about)	7.00

C.—For mining, a probable total of R.Mk.16,500,000 distributed as follows :—

1.	Bergwerks A.G. Hibernia	12.50
2.	Preussische Bergwerks and Hütten A.G. ...	3.00
3.	Bergwerks A.G. Recklinghausen	1.00

D.—For agriculture, purchase of land, settlements, etc., a probable total of about 44.00

Whereas the policy of the State in supporting the mines, ports, canals and agriculture represents the old traditions of Prussia, the contribution to the electrical works and overland power stations is something of a new departure, originating, however in part from plans set on foot before the war. The purchase last year by the Prussian State of the majority of the shares in the Siemens Electrical Concern and the Stinnes shares in the Rhenish Westphalian Electrical Works in Essen caused a good deal of comment. These purchases were made with the money paid to the Prussian State as compensation for State property lost in the Peace Treaty. The interests of the Prussian State in the electrical industry have assumed extraordinarily wide proportions during the last few years, so that it would be almost possible to speak of a "Prussian Electricity Trust." In 1923 the Grosskraftwerk Hannover in Hanover and the Preussische Kraftwerk Oberweser A.G. in Cassel were founded, the entire shares being in the hands of the Prussian State. The preponderating interest in the Ostpreussenwerk A.G. in Königsberg and the Ueberlandwerk Oberschlesien A.G. in Neisse, the Grosskraftwerk Main-Weser A.G. in Cassel and the Lahnkraftwerken is also held by the Prussian State.

Apart from East Prussia and Silesia, the Prussian State has now acquired the strongest influence over the electrical industry in the provinces of Hanover, Hesse-Nassau and Rhenish-Westphalia. The power stations lying within the Prussian sphere of influence in the northern and western groups are almost exclusively steam power stations and in the south (Hesse-Nassau) chiefly water-power stations. The works themselves are still in process of development, as well as the supply systems connected with them.

In addition to the above-mentioned works, controlled by the Prussian State, there is the Elektrowerke A.G. belonging to the Reich, which with its lignite mines and many important power stations represents the most important electrical undertaking of Central Germany. This company has recently further extended its sphere of interest by the purchase of an interest in the Brunswick coal mine in Helmstedt. It would be very regretable if a kind of competitive struggle should develop

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between this company and the Prussian State concerns, and it is to be hoped that some kind of uniform plan of development will be resolved upon by the two great undertakings.

The Post Office in 1925.—The balance-sheet of the Post Office showed the following results at the end of December 1925 (in millions of marks) :—

Revenue.		*Expenditure.*	
Posts	81.0	Various branches ...	22.5
Postal cheques ...	3.9	Personal expenses ...	98.6
Telegraphs	45.7	Various expenses ...	5.8
Telephones	46.5	Taxes, working capital, writing off for Loan	
Wireless	2.7	and legal reserve ...	20.5
Various	5.8	Expenditure on plant	16.3
Total ...	145.6		163.1

The revenue has fallen very far short of expectations, not even coming up to the 1924 standard and remaining about Mk.19 mill. behind the estimated amount.

The number of letters delivered during December showed an increase of 3.4 per cent. as compared with the previous month, and the Christmas parcels post showed a considerable increase. The Postal Cheque Service amounted with 49 million bookings to Mk.9,716 mill.

Last year's results in the Postal Cheque Service are now available, showing that the number of postal cheque accounts has increased from 809,000 (end of 1924) to 857,000, that is by 48,000 accounts. The turnover amounted to about Mk.111,000 mill. (in 1924, Mk.79,000 mill.) with 526 (408) million bookings. The holdings of the postal cheque clients have not increased, owing to the general scarcity of money. The yearly average was Mk.572 mill. as against 575 mill. at the end of 1924. In the interests of the promotion of payment without actual transfer of cash, the great increase in transfers from one account to another is to be welcomed, this kind of transaction being the chief object of the postal cheque service. Transfers amounted to Mk.81,000 mill. (in 1924, 57,000 mill.) with 291 (236) million bookings. Foreign transfer services exist with Danzig, Austria, Hungary, Switzerland, Denmark and Luxemburg. The total turnover in 1925 amounted to Mk.17 million. A transfer service with Holland will soon be inaugurated.

The number of main connections in the Telephone Service increased by 11 per cent. in 1925 as compared with 1924. The number of instruments amounted in December to 2,531,344 as against 2,519,438 in November, 1,557,837 of which were main connections as against 1,550,011 in November. The foreign Wireless Telegraph Service increased 19 per cent. in December as compared with November, which was chiefly due to the fact that emergency wireless connections with Oslo, London, Paris, Stockholm and Copenhagen had to be instituted owing to the interruption of the telegraph wire connections. The number of persons participating in wireless broadcasting has exceeded the first million, and the increase amounts to 55,495 participants. At the end of December 19 broadcasting stations were working, and it is proposed to erect a new one in Baden. The Interallied Rhineland Commission has sanctioned the use of wireless apparatus in the occupied area.

At the end of December 1925 the Reich Post Office was employing 251,896 officials in the Head Office, 40,815 persons not on an official footing, and 30,873 persons to replace those sick or on leave, or as auxiliaries. (*Deutsche Allgemeine Zeitung.*)

COMMUNICATIONS

Shipping in German Ports during 1925.—Statistics of shipping in the 19 most important German Ports during the course of 1925 are published in *Wirtschaft und Statistik*, showing an increase of 8 per cent. as compared with 1924 in the number of ships and a 12.4 per cent. increase in tonnage. The 1925 traffic in German Ports thus exceeds for the first time that of 1913 by about 6 per cent. The proportion of loaded and unloaded cargoroom remains about the same as in 1924 and 1913, but the unloaded cargoroom had a greater proportion among ships arriving and a smaller proportion among ships departing. The general increase in traffic does not indicate any improvement in the economic situation of shipping; the extent of overseas goods shipments remained far below 1913, and the low level of sea freights in 1925 shows that the ships, in consequence of the growing offers of cargoroom, often had to be satisfied with very scanty cargo.

The German flag participated largely in the increase of the world fleet, for the number of German ships increased between the beginning of 1924 and the beginning of 1925 by 5.3 per cent., and it was therefore possible for German ships to participate to a larger extent in the traffic in German ports. The tonnage of German ships in German ports increased from 1924 to 1925 by 16 per cent. and thereby constituted 48 per cent. of the total traffic, whereas in 1913 it constituted 60 per cent. There was an even greater increase in Danish, Swedish and Norwegian traffic, the latter showing an increase of 40 per cent. on the 1924 figure. On the other hand England and the United States were less strongly represented than in the previous year.

The following table shows the traffic in the 19 chief ports of Germany during 1925 :—

	Arrivals.		Sailings.	
	Number.	1,00 g.r.t.	Number.	1,000 g.r.t.
Baltic ...	16,736	6,328	16,895	6,450
Konigsberg	1,135	528	1,413	630
Swinemünde	421	86	455	115
Stettin ...	3,292	1,614	3,436	1,691
Stolzenhagen	513	401	475	345
Sassnitz ...	2,799	1,217	2,803	1,219
Rostock ...	2,352	1,152	2,328	1,151
Lübeck ...	2,792	672	2,779	673
Kiel ...	2,608	536	2,373	507
Flensburg	824	122	833	129
North Sea ...	31,638	26,865	33,819	27,066
Cuxhaven	2,687	712	2,728	659
Hamburg	14,712	16,692	16,884	16,934
Altona ...	3,149	573	2,550	556
Harburg ...	1,075	736	1,652	752
Bremerhaven	964	1,880	992	1,831
Wesermünde	2,284	238	2,107	222
Bremen ...	3,603	3,893	3,631	3,934
Brake ...	144	113	162	108
Nordenham	475	242	537	241
Emden ...	2,542	1,786	2,576	1,829
Total ...	48,371	33,193	50,714	33,516
1924 ...	44,515	29,692	47,443	29,677
1913 ...	59,479	31,437	60,375	31,226
Difference 1924	+ 9	+ 12	+ 7	+ 13
Per cent. 1913	— 19	+ 6	— 16	+ 7

The average tonnage of ships arriving in German ports which amounted in 1913 to 530 g.r.t. rose from 1924 to 1925 from 670 to 690 g.r.t. The average tonnage of the German mercantile marine was 450 g.r.t. at the beginning of 1925 as against 433 in the beginning of 1924.

Coastal traffic increased by more than a fourth in 1925, and exceeded the 1913 figure. Goods traffic between German districts despatched via the ports at the mouth of the Rhine also showed a considerable increase. Foreign traffic predominated over coastal traffic in 1925 to a greater extent in the North Sea ports than in those of the Baltic. In the North Sea ports the high-sea fishery traffic increased in 1925 like the other foreign traffic by one-tenth, thereby exceeding the tonnage engaged in 1913 in high-sea fishing by 60 per cent.

The total traffic in the 9 Baltic ports showed a greater increase than that of the North Sea ports, but still remained 18 per cent. behind the 1913 figures. Flensburg and Swinemünde in particular could not approach the pre-war traffic and Lübeck's shipping was one-third less than in 1913, although there was a great increase in traffic in these ports in 1925. The greatest increase in 1925 as compared with 1924 was shown in the Oder ports and Lübeck, while Königsberg was somewhat behind the rest.

The port of Danzig, which already in 1924 experienced a great increase in traffic, was able once more in 1925, favoured by Polish railway traiffs, to increase traffic yet further by 13 per cent. and to register 1.86 mill. g.r.t. of shipping arrived in the port.

Traffic in the North Sea ports exceeded that of 1913 by 14.5 per cent. Bremen and Harburg showed the largest increase as compared with 1913, followed by Emden, which in comparison with 1924 showed far and away the greatest increase, coal shipments greatly contributing to revive the coastal traffic from this port. Hamburg and Wesermünde come next in order, high-sea fishery having greatly developed in these ports during 1925. The Bremen ports also experienced an increase, though Bremerhaven did not quite reach last year's figure. The ports of Brake and Nordenham, whose traffic dropped by one-half in 1923 and 1924, did not experience any improvement. Hamburg did not make as much progress as the Bremen ports, though registering 17 per cent. more traffic than in 1913. Although Hamburg's traffic in 1924 and the first quarter of 1925 was greater than Rotterdam's, for the whole of 1925 Rotterdam exceeds Hamburg. The increase as compared with 1924 was relatively less in Antwerp and more in Rotterdam as compared with Hamburg.

The Sale of the Stinnes Fleet.—A decision has at last been arrived at in the negotiations for the sale of the Stinnes Fleet. After final negotiations with the Lloyd and the Hapag, it was decided to accept the offer of the German-Australian Steamship Company (Deutsch-Austral) and the closely affiliated Kosmos Line. This transaction constitutes the sale of some 145,000 g.r.t. and in the main ocean-going ships, with the exception of 42,000 tons of Rhine craft and 50,000 t. of coaling steamers. The price paid amounts to R.Mk.27 million. The ocean-going ships were mortgaged for 21 millions, partly by the German-Dutch credit agreement, and further by a sterling credit, so that only 6 millions remain for the benefit of the Hugo Stinnes A.G. The price of R.Mk.27 million represents the rate of about £9 per ton.

By means of this sale the total liabilities of the Stinnes concern are reduced to about R.Mk.80 million, with assets to the value of R.Mk.105 million, so that the general position of the Stinnes Group has been considerably improved by the transaction.

The position of the two purchasing companies according to their last balance-sheets is as follows :—

Capital.	Deutsch-Austral.	Kosmos.
Basic shares	18,000,000	12,000,000
Preference shares	230,000	120,000
Reserves	3,841,772	1,225,157
Registered value of fleet	20,401,094	13,958,857

The Deutsch-Austral has a tonnage of 100,000 g.r.t. at its disposal, and has recently placed contracts for a further 8,000 to 9,000 tons.

The Kosmos line also owns some 100,000 g.r.t., so that together with 145,000 g.r.t. supplied by the Stinnes fleet the Deutsch-Austral and Kosmos lines will own jointly some 400,000 tons, bringing them into third place among German shipowners, the tonnage at their disposal being almost equal to that of the Hamburg-Amerika Line.

The following Services are maintained by the group :—

Deutsch-Austral.—To Australia, together with the Norddeutscher Lloyd and the Ocean Steamship Company Ltd. Alfred Holt and Co., Liverpool.

To the Dutch East Indies, together with the Nederland Stoomvaart Maatschappij Oceaan, the Stoomvaart Maatschappij Nederland and the Rotterdamscher Lloyd.

To South Africa, in conjunction with the German-African Service.

Kosmos.—To the West Coast of North America, together with the Hamburg America Line, United American Lines and Roland Line.

To the West Coast of South America, together with the Hamburg-America Line and Roland Line.

To Central America, with the same companies.

Stinnes Lines.—To South America, Eastern Asia and Mexico.

It is hoped that the whole company will be taken over intact without disturbing the organisation, which would involve loss for the entire German shipping system. In virtue of the Agreement the Deutsch-Austral and Kosmos lines will receive the participation quotas owned by the Stinnes Line in the International Conferences in South America and Eastern Asia, which are of great importance. (*Kölnische Zeitung* and *Hamburger Fremdenblatt.*)

FOREIGN BANK RATES.

	Per cent		Per cent		Per cent.
Amsterdam	3½	Dublin	6	Prague	6
Athens	10	Geneva	3½	Reval	9
Belfast	6	Helsingfors	7½	Riga	8
Belgrade ...	6	Kovno	7	Rome	7
Berlin	8	Lisbon	9	Sofia	7
Brussels	7	Madrid ...	5	Stockholm ...	4½
Bucharest ...	6	Moscow ...	8	Tokyo	7 3
Budapest ...	7	New York...	4	Vienna	8
Copenhagen...	5½	Oslo	6	Warsaw	12
Danzig	9	Paris	6		

The official discount rates of the State Bank in Moscow for bills at two months is 8 per cent., for bills at four months 9 per cent., and for bills at six months 9½ per cent.

DEATH OF GEORG FRIEDRICH KNAPP.

The death has just occurred of Georg Friedrich Knapp, one of the most distinguished economists Germany has ever had.

Aged very nearly 84, he was one of the last representatives of a great era in German political economy. His scientific career began in the sixties of last century, at the very time that German economists tried to emancipate themselves from the influence of the English masters. They were most anxious first of all to establish indisputable facts, and there is little wonder therefore that, stimulated by this desire, Knapp began by giving his attention to statistics. In 1867 he was appointed Director of the Leipzig Statistical Bureau and two years later he was made Professor of Statistics at the famous University of that city. In 1874 he migrated as Professor to the University of Strasburg, where he remained until his retirement from academic work.

The range of his research work is wide indeed, but the greatest of his achievements is in the field of economic history. His "History of the Liberation of the Peasants in Prussia" (Die Bauernbefreiung und der Ursprung der Landarbeiter in den älteren Teilen Preussens") is still considered as the standard work on the subject.

In this country he will be remembered as the author of a striking treatise on "The State Theory of Money," an English version of which has recently been published under the auspices of the Royal Economic Society by the firm of MacMillan. As the reviewer of the original German edition ("Staatliche Theorie des Geldes," Leipzig, 1905) quite rightly remarked in *The Economic Journal* (June 1906), "So masterly a piece of reasoning is not often presented to the reader," and it is to be regretted that twenty-one years had to elapse before an English translation was published.

Death has dealt a severe blow to economics : Marshall. Edgeworth and Knapp, all of them very old and yet still active, have passed away in rapid succession, leaving among economists a vacuum that cannot be filled. G.S.

The Eco Della Stampa, Corso Porta Nuova 24, Milan, Italy, reads all the daily and periodical papers of Italy through its agency. It was founded in 1901, and since that year has enjoyed the over-increasing esteem of the public, which is able to appreciate its very valuable work Its service of press cuttings will be of assistance to the diplomat, politician, business man, artist, or writer in his studies and work, since he is kept, without worry or exertion, in touch with the intellectual, artistic, literary, scientific, industrial, commercial and financial movements throughout the world at very small cost and in the fullest manner. Terms of subscription will be sent on receipt of your card.—*Advt.*

SPECIAL ARTICLES

(Whilst the Editor of "The Economic Review" welcomes in these columns the expression of all shades of opinion on matters of economic controversy, he is not necessarily identified with any particular opinion expressed.)

THE STANDARD OF CURRENCY: THE ROOT PROBLEM FOR THE PROSPECTIVE ECONOMIC WORLD CONFERENCE.

By Dr. Ernst Dick.

The world is once more to be helped along by an international conference. This time it is a purely economic conference that has been decided upon. The League of Nations has already taken the matter in hand. Considering how little satisfaction previous efforts of the kind have yielded, we ought, I think, to set about this new one with a little more circumspection and thoroughness. I venture to suggest that those who have any ideas to contribute towards a solution of our economic problems should be encouraged, and enabled, to make them known. The subjoined paper is the contribution of one who has for many years devoted himself to the study of the problem of currency. He is well acquainted with the various reform schemes that have been advocated; he also knows the mind and the grounds of their opponents. His position has come to be a rather awkward one in so far as his conclusions run counter to the ideas of both the opposing camps. While agreeing with the reformers in their contention that the gold standard as hitherto applied fails to provide the needful stability, while greatly appreciating the ingenuity displayed by the reformers in discovering good reasons for the necessity of more stability, he is convinced that the practical solutions evolved so far are unsound and therefore impracticable. He is, in consequence, an opponent of the reformers. Curiously enough he opposes them mainly on those very points on which they agree with their opponents. In a sense he is even farther removed from gold standard theory than the reformers. It may be well to touch upon the difference briefly, as it may enable the reader to understand his argument more easily. Both the old school (gold standard) and the new (index standard) believe that currency is more free in proportion as the rate of interest is lower. Consciously or unconsciously, there is implied in this belief *a feeling of enmity to interest*. After having been an ardent warrior against the claims of interest he has come to an entirely different conception of the nature and functions of interest. In itself interest is not exploitation, is not an evil; only its fluctuations are. That is the main conception on which his scheme of a stable standard of currency is based. (*The Interest Standard of Currency: an Attempt.* George Allen & Unwin, London; Houghton Mifflin & Co., Boston, U.S.A.) He is, then, a reformer in so far as he suggests a different attitude to and treatment of interest; but having absolved interest he was also reconciled to the other main factor in the currency mechanism: gold. Whereas the reformers have been blaming gold for the failure of the traditional system and therefore desire to throw gold out altogether, he attributes the shortcomings of the currencies to a faulty handling of the system, not to the system as a whole. Thus he is not reduced to smashing the system root and branch; he need not go in for radicalism. A very slight, though decisive, alteration in the matter of discount policy is all that he considers necessary to obtain the possible degree of stability. The following pages are an application of his theory to some of the burning questions of the time. Should his criticism strike readers as not unfounded they may be induced to a hope that some improvement can be achieved.

What, then, are the subjects which an economic world conference should deal with? Is it questions of markets, of raw materials, of working hours and wages? To anyone not infected with the Socialist idea of State control in all things these are matters which should be left for settlement to the ingenuity and energy of those immediately and personally concerned: the exporters and importers of goods, the employers and the employed. The less Governments are allowed to, or made to, interfere in this domain of economics, the better. Their business is not to conclude contracts and do business, but to safeguard those contracts which have been entered upon by private parties. A conference got up officially, with delegates entrusted with official power to engage in international obligations should confine itself to such questions as fall naturally under the direct authority of States, and all that the conference should aim at would be to devise means for preventing the State from taking an active part in the business of the world.

To safeguard contracts is the main duty of governments. Where the sanctity of contracts is assured in the full implication of the term business will prosper without any further aid. Business contracts are all based on currency; therefore the safeguarding of the currency is what we demand of the State. We shall see that more is implied in this than meets the eye. Many of the nations foremost in international trade have re-established a gold standard, and it is believed that their currencies at least are safe. But the believers in the gold standard no more than the detesters of gold seem to realise what dangers are at the present moment threatening the stability of any accepted standard and consequently the economic prosperity of nations.

1. The Problem of State Debts.

Motto: "The attempt and not the deed confounds us."
(*Macbeth.*)

All the nations have greatly increased their public debts and therefore are made to feel themselves impoverished. It is obvious that this conception must influence business. Nobody cares to supply the wants of impoverished customers and so the spirit of enterprise languishes. People who believe themselves to be poor naturally shrink from expenditure, and when whole nations, nay the whole world of nations, are taught to consider themselves poor, a liberal hand is viewed with reprobation and the discovery that coal miners indulge themselves by going to see the movies raises violent denunciations and protests on the part of the mine-owners, just as the sight of a Rolls-Royce infuriates the virtuous Socialist.

State debts are considered by everybody as a burden on his own shoulders; everybody therefore clamours for their reduction. Is there a Government that has not elaborated a scheme for the sinking of the national debt? Certainly not. Has any voice ever been raised against the desirability of the effort? Certainly not. Publicists from every conceivable camp vie with one another in pouring forth arguments for the necessity of paying off the public debts. The funniest sight to me are the advocates of the monetary reform schemes, who one and all join in the general chorus, utterly unaware of the fact that reducing the debt must inevitably cause deflation and render stability of the value of money impossible.

Where there are debtors there must be creditors. If debts impoverish the nation and individuals, they must likewise enrich someone. The liabilities and the assets necessarily balance, whence it follows that the mere creation of a public debt cannot reduce the wealth of a nation considered as a whole. Impoverishment is brought about by the waste of the real wealth, such as wars will call for, and it is the same whether the expenditure is met out of loans or out of taxation. If debts were the measure of a nation's wealth, the richest nations would at this time be Germany (if we discount the reparations debt, which is not a legitimate one), Austria, Poland, Russia, who have wiped out their debts by means of inflation.

Public debts, then, do not signify poverty. Hence the paying of them cannot spell enrichment. There is, to be sure, a French proverb saying: *Qui paie ses*

dettes s'enrichit—" He who pays his debts enriches himself," which seems to contradict my contention. But do not let us be deceived, for proverbs are of the nature of oracles, which have to be interpreted wisely. The proverb applies to individual debtors, and it leaves the other half of the truth unexpressed: He who allows his outstanding debts to be paid off to him, is impoverished. I would call this the more vital part of the truth, because it is generally overlooked. A few words to demonstrate this may not be out of place.

An individual, in order to clear himself of a debt, must manage to earn more than he spends on his cost of living. In other words, he must produce more than he consumes. This he can only succeed in if there is another individual who consumes more than he produces and so eats up his substance, his outstanding debt. Otherwise the surplus production of the debtor is unsaleable and the money to reduce the debt is not realised. As there are always individuals who do consume their capital it is possible for individuals to repay their debts. We may regard a nation as an individual in the society of nations, and it is clear that nation A can reduce its debt if nation B is willing to consume its claim on A. The case implies that A should produce more than it consumes, while B must produce less. It is the situation in which we see Germany and her claimants of reparations. No reparations can be paid, or received, unless Germany is enabled to sell more abroad than she buys, so that other nations must buy and consume more than they produce and sell abroad. The recipients of reparations must needs eat up their claims and so impoverish themselves by letting their productive capacity run to waste.

But the case is different if we consider a nation as an isolated unit—say, if we consider the society of nations as one whole, which is the only proper way of considering it. It is now impossible that any surplus should be produced, because there is no one to whom such surplus could be disposed of. Thus it appears that the total indebtedness of the world of nations cannot be diminished. Here we have probed to the core of our problem. All the nations are striving to reduce thier liabilities, both external and internal; that is to say that each one wants to produce more than it consumes, to sell more than it buys. This observation furnishes the key to the present economic situation: the all-round overproduction, the congestion of the markets, the friction, the rivalry. Cut this Gordian knot, and you have solved the problem which an economic conference has to face.

Why should a nation need to economise in order to be enriched? Nations are not like individuals. You and I are growing older, and when old we shall lose our capacity to provide for the needs of the day. Therefore we reserve some of our working income against our old age. But a nation does not age, at least not in the same manner. It is always young and strong, always capable of supplying its daily wants out of its daily toil. While a nation feels young and vigorous it cannot think of accumulation. For a nation to do so is a sign of wasted strength and spirit, of decrepitude and despair. I would remind our present-day nations of the poet's fine word:—

> "Ah, take the cash and let the credit go,
> Nor heed the rumble of a distant drum."
> (Omar Khayyám.)

All our danger arises from our straining after an imaginary credit and from our listening to the distant drum, and our poverty is simply translated from the erroneous notion that we ought to feel poor in consideration of our many public debts.

I am going to analyse the case from the point of view of the internal debt first. It is practically the same in all countries: the debt amounts to so much; so much a year is required to sink it within a given number of years. The creditors of the State are expected to allow a certain part of their bonds to be cancelled annually, that is to say they have to sell bonds to the Treasury for cash. This would be all right if they were able to re-invest their funds, either in public or private loans. But that is out of the question. In order to clear the sums provided for by the sinking fund scheme the Treasury is forced to economise on its expenditure, and therefore cannot embark on any new undertakings. This in its turn narrows the field of private enterprise; the industries, in consequence, are debarred from raising loans. No opening is to be found for the available funds of the creditors, who are reduced to consuming them and so eating up their fortunes. The rich men are expected to impoverish themselves that the State may be enriched through the sinking of its debt. But the rich men will oppose a resistance to such a course, and as it is they who have to contribute the means for the attempt, they will withhold their means. Laws or no laws, the inhibition happens automatically.

There are those who gloat on the notion of reducing the excess of the rich. They fondly think that they would be benefited. But that is a mistake. The loss of one set of rich men would make the gain of the other set of rich men, while the non-possessing part of the population would not profit anything at all, seeing that *we are sharers of the State debt only to the extent that we are owners of property.*

The wealth of a nation is divided between those who own the real capital and those who own the money capital. But this does not mean that the total wealth is the sum of the money capital added to the value of the real capital. In effect the total of the two is only just as much as each of them taken singly. To visualise this the simplest way is to imagine the case of a house which is mortgaged to the amount of half its price; one half is owned by the proprietor, the other half by the creditor. It is the same with any kind of property. Also the State debt is so divided, the owners of the money capital being the creditors, the owners of the real capital the debtors. The national debt is, therefore, a charge on the latter category and an asset of the former —whereas those who own nothing have no direct interest in it either one way or the other. This way of viewing the matter is, I believe, new, and I must beg the reader to consider a while before he rejects it.

We found that the State creditors are embarrassed if their bonds are being redeemed by the Treasury. And surely it cannot be otherwise, since the transaction narrows the market for money investments and so depresses the price of loan money, which is the rate of interest. So it is proved that one category of owners is made to suffer a loss, while the other is benefited. But, "which is the merchant, and which the Jew?" As the debt shrinks the charge on real capital ought to be eased. However, the very contrary will take place: the owners of real capital are even more seriously embarrassed. Not because they are made to pay their share of the taxes necessary to meet the exigencies of the sinking fund; as a matter of fact they pay them into their own pockets, since it is their debt that is being reduced. Their difficulties arise from the manner in which the State creditors react against the menace to their interests. They retrench on their expenditure, as indeed they are forced to, and supposed to do. (It is their manner of "withholding their means," and what law could be invoked against it?) Demand for goods is thereby weakened, the turnover of the output is hampered, prices decline, the yield of real capital decreases, the purchasing power of money grows, the value of bonds rises, and the debt, far from being lessened and lightened, becomes bigger and more burdensome, even though the figures in which it is expressed should be somewhat reduced. Thus it is that the redemption of public debts causes the decline of the level of prices and is the undoing of the owners of real capital. Knowing this we understand the reason why it is the bondholders that favour debt redemption. In proportion as the debt diminishes bonds gain in value, in exactly the same way as commodities rise in price as the supply diminishes.

What I have been trying to indicate in the foregoing paragraph is up to a certain point foreshadowed in a book to which I owe a great debt of gratitude, as it provided the first stimulus to my taking up this problem. I am speaking of "The Fallacy of Saving," by John M. Robertson, 1892. The author proves by irrefutable arguments that the economy needed to accumulate the funds for the repayment of the debt must result in an economic crisis with all its evils. But his solution of the problem is strangely unreal: the State is to provide employment by "instituting important public works" (p. 122). How can the State pay off debts and at the same time defray the expense of such works? It is impossible. But Mr. Robertson insists on the necessity of making an end of the national debt, which he looks upon as an evil, "a particular form of social parasitism." He considers interest as exploitation, and he fails to see that debt redemption means the enrichment of one class of rich men at the expense of the other class of rich men, with incidental unemployment and suffering for large sections of the working class. Enmity to the claims of interest is bound to mislead the investigator, and the notion that interest is abstracted from the product of labour is the fundamental error of the science of economics. This error was born from the failure of economists to realise that wages and the rate of interest are exactly the same thing, namely the basic price of goods, so that any development that curtails one also damages the other. (It is all because the true principle of the standard of currency has not been grasped.)

Through the fall of prices, that is the appreciation of currency and money claims, the owners of money capital recover more than what they pay out in taxes —in so far as their commercial loans do not come to grief through the insolvency of debtors in consequence of the slump. A policy of debt redemption inevitably brings in its wake an economic crisis with a decline of prices, which may be said to restore the debt as fast as it is being diminished. But this fact is as yet so little understood that I must beg leave to explain my meaning. Suppose the debt to be reduced by two per cent. annually; suppose the level of prices to be reduced by the same percentage—which it is sure to do. A little bit of computation will show that the debt, expressed in terms, not of money, but of goods (the price of goods) remains the same. A debt of 100 millions is equal to a million units of, say, coal at a price of 100 a unit; when the debt has shrunk to 98 million and the price of coal to 98 per unit it still takes a million units of coal to equal the debt. The debt is not diminished one jot although two millions have been paid out to the creditors; every bond still outstanding is worth exactly two per cent. more.

Perhaps it will contribute to make the point clearer if we invert the case. When a State adds to its debts the consequence is the depreciation of money through inflation. Running into debt comes from excessive consumption; when consumption exceeds prices rise. Although the figures expressing the debt are swelled, the weight of the debt diminishes. We said that the national debt is a charge on the real capital of the people. Now when prices rise the money yield of real capital grows, its value is enhanced, its owners are enriched, whereas the owners of the money capital, the creditors, are exploited through increasing cost of living. Knowing this we understand why it is the debtors—the owners of real capital—who favour the augmentation of the public debt. Debts are like any kind of property: the more there is of them, the less is their value and the pleasanter the debtor's lot.

From what has been said it follows that the national debt is increased when it is supposed to diminish, and diminished when it is supposed to be augmented. That is to say, a policy of debt redemption cannot succeed. The deed is never accomplished, but "the attempt confounds us." The attempt, in the first place, superinduces the stagnation of business, with loss of employment to the workers, loss of capital to the owners and shareholders of real capital, a merry spell of profiteering on the part of the fundholders. Then the inevitable reaction sets in: protectionist tendencies prevail and the raising of tariffs puts a check on the decline of prices. The same effect is produced by the high direct taxes. A situation is thus created in which business might revive and will show spasmodic revivals. But no lasting recovery is possible so long as the policy of debt repayment is persevered in.

Why should it be desirable to reduce the national debt? Is it not just as much a national asset? Whatever interest is paid by the debtors (the owners of real capital, be it remembered) is returned to them in the shape of decent prices for their goods. It is no more of a burden than the air lying over us is, which would crush us if it were not for the air in our lungs, which suffices to neutralise the pressure from outside. The public debt has been a bone of contention long enough. It is time to recognise that the safest, the most equitable and impartial policy is to leave it alone and have only one care: to keep it unchanged. This is one of the corner-stones of a stable system of currency, which in its turn is the very rock of economic security and prosperity.

Now for the international debts, i.e. debts which States owe to foreign creditors. (As a matter of fact private debts should not be viewed or treated differently.) I have already pointed out that their repayment is impossible, unless the creditor States consent to eat up their assets and be impoverished. There is no way out of this *impasse*. If economising is not to blight enterprise, international debts will have to be left intact. The Reparations debt of Germany must be either remitted or, since it cannot be allowed to continue for ever, reduced to a fraction. I fail to see why international obligations should be an evil. They are a bond of unity so long as nothing is done to alter their value by any one of the parties refusing to buy its share of the debtor's exports and so enhancing the value of its currency and of its claims. This is one of the main points for the economic conference to settle. I would suggest a solution something to this effect:—

(1) *The foreign claims of a State, including the claims of private creditors on private debtors, are automatically reduced in the same proportion as its level of prices falls.* (Another way of expressing the same idea would be this: the claims on foreign debtors are reduced in the same proportion as the national debt is reduced.)

The fall of prices is an indication of insufficient consumption. A country where it takes place does not buy and consume enough and thereby restricts the market for the goods of other countries. It is an element of disturbance and must be brought to its senses through a penalty. Reducing a country's foreign claims amounts to making it pay to its foreign debtors what it has failed to buy from them; the debtors are invited to consume what the creditor, in his greed, has spurned. What is needed is an instrument for forcing each nation to consume its own output, to refrain from an attempt to enrich itself, which can only be done to the detriment of others and is a hostile or treacherous act. The conference has got to solve the task of organising consumption. We have not heard for a long time of any people being debarred from obtaining the needed supplies of raw materials; it is outlets that are wanted, and outlets depend on consumption.

There is perhaps a certain difficulty in the fact that not all countries have evolved very reliable price statistics. However, this need not scare or deter us. The creditor nations do have good methods for computing an index of prices. And they ought to be generous. If they would allow their price level to go up a few points it would help things along greatly. This rising of prices would signify that the creditors are consuming more than they produce, and in doing so they would be eating up part of their claims and lightening the burden of debt of their poorer neighbours.

I will presume to submit to our conference another

suggestion: (2) *The foreign claims of a State, whose official rate of discount is below 5 per cent. is reduced by as much as its rate differs from this normal rate.*

The United States of America, for instance, would thus have the choice of either reducing by some 30 per cent. the claims of its capitalists on foreign debtors, or of raising its rate of discount from 3½ per cent. to 5 per cent., which latter measure may be expected to cause the level of prices to go up accordingly.

I am much afraid that those of my readers who are familiar with and believers in the current theory of currency control will scornfully dismiss my proposals. It would take up too much space to prove my point, and I must refer the objectors to my book above mentioned. Perhaps it will turn their thought in my favour if I point out how the value of bonds is affected by a change of the discount rate. The price of bonds, which have a fixed rate of interest, will rise when the rate of discount falls, and vice versa. Suppose a bond bears 5 per cent.; obviously its price is above par while stocks range below 5 per cent., and the price of stocks is largely determined by the rate of discount. (It is only because the investing public has been wrongly indoctrinated that the reverse has seemed to happen of late.) If stocks gain and the discount rate is raised along with the growing of dividends, the bond naturally loses. The price of bonds goes up: this signifies that the debt is becoming weightier, that the debtor is more heavily burdened; the price of bonds sinks: this signifies that the debt is becoming lighter and the debtor's burden is eased. No one, surely, will deny that much. Well, it follows that if the creditor nations wish to be accommodating, the means to the end is to ease the burden by bringing down the value of their bonds, which necessitates the raising of the rate of discount.

From the problem of debt we have been led round to the problem of the rate of interest. This was inevitable, since debt and interest are the same thing. When it is a question of stabilising a debt the stabilisation of the rate of interest is a natural corollary. An alteration of the official rate of discount affects all debts, private and public, internal and external, because it affects prices and prices are the measure of debts. No stabilisation of any sort can be achieved so long as the rate of discount is not fixed at its proper level. To prove this and to show how it can be done is the main object of my book.

I know all the arguments that can be urged against such a notion and will answer them briefly by an analogy. It used to be thought that flying, for a body heavier than air, was only possible by means of wings that are set flapping. But we have all become familiar with bodies that fly with stable wings: airplanes. Well, my solution of the currency problem rests on the same principle as airplanes: in the place of flapping wings (the up and down of discount rates) my mechanism has a propeller. More I cannot say without embarking upon a lengthy demonstration. Perhaps my analogy is enough to make the reader consider whether my suggestion might not be worth a little attention.

(*To be continued.*)

NEW TRADING METHOD.

In 1923–24 the Bolsheviks once more started their fight against what private capital there was in Russia. The experiment of their fight against private capitalism, carried out by them with great determination, and with all the force the Soviet authorities were capable of, ended completely unsuccessfully (for the Soviet). It is true that they were able to use pressure to remove private capital from wholesale trading, but owing to the absence of capital on the part of the co-operative organisations and State commerce, which were destined to take the place of private trading, the former owed vast sums to State industry and placed all industry in a most difficult position financially. As a result it was found necessary to put an end to the experiment mentioned above and to change completely their policy with regard to co-operative trading and private capital.

In the autumn of 1924 a fresh move was announced towards a "new trading method," the outcome of which should be that, first, industry was to cut down ruthlessly credits for the State and co-operative trading, owing to which the latter were obliged to seek the means for carrying on their business operations themselves (in particular the co-operative organisation had to increase the influx of means from the inhabitants where co-operation was in force), and secondly, that measures should be taken to influence the return of private capital into trading channels by means of lightening the impossibly hard conditions of work in which it had been placed.

At present we have before us a summary of the year's experiment of the "new trading practice."

It is true that the figures given so far and in our possession do not cover the whole period, but even from the facts to hand it is possible already to get at some preliminary totals.

From the "autumn decisions" just mentioned (as the Soviet Press succinctly characterises the decision for the new move to "the new trading method"), one part was accomplished in some measure, viz., the curtailing of credits to State and co-operative trading by State industry.

Thus, according to the summary of particulars of selling operations by the 150 combined productions of BCHX (the Pan-agricultural People's Economy), the credit operations—in comparison with the sum total of recorded deals—are expressed in the following tables of figures:—

Period.	Totals of Deals (in thousands of chervonetz roubles).	Credit Deals included. Absolute.	Credit Deals included. Percentage compared with totals of Deals.
Average monthly for IV quarter, 1923-1924 (July to Sept.) ...	81,255	53,620	66
October 1924 ...	135,750	94,396	69.5
November 1924 ...	94,016	56,387	59.7
December ,, ...	105,188	61,671	58.6
January 1925 ...	95,044	49,903	52.5
February ,, ...	99,478	55,030	55.3
March ,, ...	121,683	70,278	57.7
April ,, ...	115,932	65,684	56.7
May ,, ...	108,825	56,802	52.2
June ,, ...	110,056	58,783	53.4

In November already one can see a considerable decline in the percentage of credit sales, which continues till January; it is only from February to April that we notice somewhat of a new tendency to rise. This decline is still more sharply indicated (in the winter months), particularly in the textile industry combine:—

Period.	Totals of Deals (in thousands of chervonetz roubles.)	Credit Deals included. Absolute.	Credit Deals included. Percentage compared with totals of Deals.
Average monthly for IV. quarter 1923–24... ...	21,351	11,678	54.7
October 1924 ...	35,238	18,848	53.6
November ,, ...	23,509	9,064	38.5
December ,, ...	22,985	8,034	34.9
January 1925 ...	23,849	9,836	37.0
February ,, ...	21,698	11,226	51.8
March ,, ...	31,920	18,203	57.1
April ,, ...	35,601	16,277	46.7
May ,, ...	30,304	10,151	33.5
June ,, ...	28,416	11,902	41.9

But here the new turn towards a rise in the percentage of credit sales (in February–April) is still more sharply indicated.

In the details shown above it will be noticed that co-operative deals are not specially separated from State trade; but if we take into consideration that the business done with private trading firms does not affect the totals much, then one can accept the above amounts as, more or less, characteristic in their general movements for the conditions of payments in connection with the co-operative organisations and with State trade.

This can be confirmed by the following details dealing with the All-Russian Textile Syndicate and the Cotton Syndicated Trusts, according to which one is able to separate co-operative deals from State trading transactions :—

Period.	Percentage of Credit to Sum Total. All Russian Textile Syndicate. Dealings with State organisations.	Dealings with Co-operative organisations.	Cotton Industry Trusts. Dealings with State organisations.	Dealings with Co-operative organisations.
Average for 1923–24	67.3	70.0	61.5	71.3
October 1924 ...	60.5	59.3	40.7	48.5
November ,, ...	54.2	52.1	45.5	44.9
December ,, ...	46.6	39.7	22.8	44.3
January 1925 ...	44.8	45.6	34.2	43.3
February ,, ...	57.5	57.0	35.2	57.3
March ,, ...	67.3	66.2	53.9	61.0
April ,, ...	65.0	62.1	39.9	56.5
May ,, ...	71.5	70.1	44.1	53.9
June ,, ...	74.9	68.1	40.4	49.1

Thus the move of industry towards "more severe" conditions of payment as regards State and co-operative trading during the winter of 1924–25 undoubtedly took place. It is true, it was merely temporary, and from the first months of 1925 under the influence of the laments of the State and co-operative trade organs, which had themselves fallen into an extraordinarily difficult financial position, the situation changed with the widening of credit, but this new extension of credits was not—in its turn—firmly established everywhere.

If it can be said that the first half of "the autumn decisions" was, although to a certain degree temporary and not consecutive, brought into play, on the other hand the matter was in an unsatisfactory position during the second half of these decisions, which must be considered the necessary complement to the first, i.e., with the increase of co-operative societies' own resources by means of strengthening the flow of money from those amongst whom the idea of co-operation was strong, and also with the return of private capital attracted to the trade.

As regards the first period—the receipt of means from the inhabitants interested in co-operative work—we have no particulars to hand. But we can trust the competent evidence of the Soviet Press, which was sufficiently unanimous in stating that in this connection during the period of "the new trading practice" almost nothing had been done, and that altogether there could only be a gradual and slow improvement.

Thus, for instance, Mr. Krumin, in an article "About the increase and organisation of trade capital,"* printed in The Economic Review for March 1925, distinctly states that "the campaign for attracting the capital of the population to the co-operative organisations has not been started in the right way so far," and goes on to say that "in the matter of the attraction of the co-operative societies' own means no quick results could be expected in the short time available."

So far as procuring private capital for trading is concerned, we have here sufficiently rich material in the way of facts, both substantiated by figures and otherwise, which speak most eloquently not only of the smallness of the results obtained, but also of the feeble efforts undertaken to procure the capital.

The principal measures adopted for this fight against capitalism, which led to the elimination of private capital during 1923–24, were the difficult conditions of payment when selling offered by the industry to private capital (according to the general rule—almost complete refusal of credit), the insistence of "a compulsory assortment of goods, the inclusion of a large quantity of unsuitable goods, and in many cases an absolute refusal to deal with private capital, and, further, the very hard imposition of taxation which was not a fixed amount, which made commercial calculation almost impossible, and, finally, administrative interference.

So as to attract once more the private capital driven out of trade it is only natural that one first had to break with all the old methods of dealing with private capital.

That, as regards the conditions of payments to private firms this was scarcely not done at all, is shown by the following typical tables giving particulars dealing with the private firms of the All-Russian Textile Syndicate and of the syndicated trusts of the cotton industry :—

	Percentage of credit deals in sum totals of deals. By the Textile Syndicate.	By the Cotton Industry Trusts.
1923–24 (economic year).		
First quarter... ...	62.7	42.4
Second quarter ...	50.9	49.3
Third quarter ...	27.4	8.2
Fourth quarter ...	20.0	1.4
1924–25 (economic year).		
October	15.7	5.5
November	21.1	1.4
December	14.6	2.8
January	15.0	2.4
February	16.1	4.8
March	20.2	2.6
April	20.3	3.1
May	25.6	5.3
June	35.2	4.5

We see that in the cotton trusts the percentage of credit in the deals concluded with private capital during the year 1924–25, taking into account the frequent ups and downs from month to month, scarcely exceeds the level to which it sank at the end of 1923–24.

Somewhat better (but only in May and June) is the position of the Textile Syndicate, but here also the percentage of credit exceeds the very reduced level of the third quarter of 1923–24 by only a little.

These detailed figures are completely confirmed by a whole array of general indications of facts, which can be met with in the Soviet Press, and with which we hope to deal partially in future.

Matters are not better than with the credit conditions when we look at the other conditions dealing with the delivery of goods to private traders. The State industrial undertakings and combines continue as before and absolutely refrain from selling goods to private firms and surround such sales with draconian conditions which almost exclude the possibility of buying goods straight from them by private firms. In an interview that was printed in *Economic Life* of May 31, 1925, with the President of the Board of Directors of the "Credit Bureau" Co., Ltd., A. J. Rosenstein characterises this situation as "the absence of direct contact between the State industry and private trade, and a considerable crookedness of the net of production of all sorts by middlemen."

(To be continued.)

* Page 11. *Vide* also A. L. Sokolovsky, "Fundamental problems of trade policy" (theses sent to the Pan-Agricultural Peoples' Economy).—*The Economic Review*, No. 40, 1925.

THE ECONOMIST'S BOOKSHELF.

A HISTORY OF POLITICAL SCIENCE.

The History of Political Science from Plato to the Present. By R. H. Murray, Litt.D. (Cambridge: W. Heffer & Sons, Ltd. Price, 12s. 6d. net.)

Mr. Murray is thoroughly imbued with a historical sense in the region of political science. The longer he labours the more he realises the influence of the Past upon the Present. Is there, he asks, a single controversy of our own day without a pedigree stretching into distant ages? Few, if any, of those who have taken the trouble to trace the rise and growth of political theories in the ancient, mediaeval, or modern worlds will arrive at a conclusion differing much from the one reached by Mr. Murray. There is nothing, he finds,

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agitating political life to-day of which the germinal idea cannot be traced to the speculative thought of an earlier period. The discovery, whatever else it may do, is a commonplace, and merely confirms the average thinking man's experience of political ideas and their influence on political institutions. It is at once the vindication of the conservative view of things as they are, and of the radical belief in the inevitability and gradualness of organic and functional evolution. From such a starting-point a safe, and in other respects excellent, text-book can be made—Mr. Murray's book is a case in point—but it does not always do justice to original political thinkers, some of whom have had their ideas translated into concrete achievement more speedily than the historical view propounded above is willing to admit. For instance, it is a good many years since Tom Paine's writings lost their revolutionary savour. Moreover, it is not always wise to insist too literally upon the fact that one's opponent's political philosophy has its pedigree in the past. It is undeniably true, but it is a provocation, and in it originates that dissatisfaction with established and constitutional means of reform. In this book Mr. Murray himself gives us a whole gallery of thinkers from Plato up to the present time, a good many of whom have still work to do.

The earlier portions of this book are devoted to the political thought of the ancients and mediaevalists. A good chapter is confined to Machiavelli and the age in which he found himself. Mr. Murray, while quoting Lord Acton's judgment, differs from it to record that "Machiavelli was clear-sighted, not far-sighted. He never, however, saw things as they might be; he saw them as they were—as less than they were—and hence, missing possibilities, he missed statesmanship. In truth, he committed the fundamental blunder of a low-strung mind; he mistook cunning for the craft of the statesman in the large sense of the term. C. J. Fox reached a statesmanlike standpoint when he enunciated the axiom that 'what is morally wrong can never be politically right,' an axiom that eternally condemns the Florentine." This excerpt taken from Mr. Murray's appreciation of Machiavelli reveals as well as anything could reveal the spirit in which he approaches the task of appraising political thinkers throughout successive generations. He is an idealist, and it is the growth of idealism which his book seeks to stimulate.

After the beginning of the seventeenth century Mr. Murray bestows much attention upon American thinkers. The theories of the founders of the thirteen colonies and of the fathers of the American Republic are subjected to some penetrating analysis. Moreover, he very rightly considers that in such a study as this it is impossible to avoid consideration of the interaction of American theories upon Europe, and, indeed, the influence of the theories of the thinkers of one nation upon the destinies of another forms, as Mr. Murray submits, one of the most fascinating chapters in the literature of modern politics. Substantially there is much truth underlying Mr. Murray's enthusiasm in this direction; a study of the political theories popularised from time to time in this country reveals distinctly influences drawn from German, French or Italian thinkers, but it is extremely doubtful if we at any time owed a very deep debt of gratitude to any American political philosopher, rather we should have considered the shoe on the other foot.

In dealing with thinkers who are to be described as more or less modern Mr. Murray is both pithy and brief, and, speaking generally, but few will be found to disagree with the observations and strictures he feels called upon to make. He likes neither Socialism nor Bolshevism. His preferences are distinctly and emphatically individualistic. Over the worth of the individual he becomes rapturous, and if in places (especially on p. 348) one feels that Mr. Murray entertains doubts as to the future of Democracy they are dispelled in the last chapter into which the work of Professor Dewey is drawn as best expressing Mr. Murray's own feelings. Professor Dewey, as Mr. Murray claims, "powerfully maintains" that "in conception at least, democracy approaches most nearly to the ideal of all social organisation, viz. that in which the individual and society are organic to each other. . . . The individual embodies and realises within himself the spirit and will of the whole organism. . . . The individual is society concentrated; he is the local manifestation of its life. . . Thus every citizen is a sovereign; a doctrine which in grandeur has but one equal in history, viz. that every man is a priest of God." Other weaknesses will no doubt strike other readers, but opinion will, we venture to think, be that Mr. Murray has written a good book well and stimulatingly. Moreover, it has an excellent chronological bibliography commencing with Thucydides and ending with Laski's "Grammar of Politics." The latter should be the first book turned to by a reader of Mr. Murray's volume.

H.J.H.

PUBLICATIONS RECEIVED.

Annuaire Statistique de la République Polonaise, IIIe année, 1924. (Warsaw: Central Statistical Office.)

Ekonomisk Oeversikt. Compiled by the Board of Trade with the assistance of the Social Authority. Quarterly. February 15, 1926. (Stockholm: Kommerskollegium. Price, Kr.1.)

International Labour Review. February 1926.—International Labour Office. (Geneva.—London: George Allen and Unwin, Ltd. Price, 2s. 6d.; annual subscription, 24s. post free.)

Kommersiella Meddelanden. February 15, 1926.—Swedish Board of Trade. (Stockholm. Price, 75 öre; annual subscription, Kr.15.)

Palgrave's Dictionary of Political Economy. Edited by Henry Higgs, C.B. Vol. III., N–Z. (London: Macmillan and Co, Limited. Price, 36s. net.)

Report on the Economic and Financial Conditions in Brazil dated September 1925. By Ernest Hambloch, Commercial Secretary to His Majesty's Embassy, Rio de Janeiro.—Department of Overseas Trade. (London: H.M. Stationery Office. Price, 2s. net.)

Report on the Finance, Industry and Commerce of the United States of America, dated September–October 1925. By J. Joyce Broderick, Commercial Counsellor, His Majesty's Embassy, Washington, D.C.—Department of Overseas Trade. (London: H.M. Stationery Office. Price, 3s. 6d. net.)

Report on the Financial, Commercial and Economic Conditions of the Argentine Republic, September 1925. By H. O. Chalkley, C.B.E., Commercial Secretary to His Majesty's Legation, Buenos Aires.—Department of Overseas Trade. (London: H.M. Stationery Office. Price, 2s. 6d. net.)

Speculation in Economics (without Prejudice). By Ian Barry. (London: Williams and Norgate, Ltd. Price, 7s. 6d. net.)

The British Commonwealth in the Post-war World. By Alfred Zimmern. (London: Oxford University Press, Humphrey Milford. Price, 1s. net.)

The Economics of Private Enterprise. By J. Harry Jones, M.A., Professor of Economics, University of Leeds. (London: Sir Isaac Pitman & Sons, Ltd. Price, 7s. 6d. net.)

The Newspaper Press Directory and Advertisers' Guide, 1926. (London: C. Mitchell and Co., Limited. Price, 5s.)

Willing's Press Guide and Advertisers' Directory and Handbook, 1926. A concise and comprehensive Index to the Press of the United Kingdom, with Lists of the principal Colonial and Foreign Journals. (London: James Willing, Ltd. Price, 2s. 6d.)

UNIVERSITY OF LONDON.

A LECTURE on "SOME ASPECTS OF COMMERCIAL LAW" will be given by The Hon. Mr. JUSTICE MACKINNON at The London School of Economics and Political Science (Houghton Street, Aldwych, W.C. 2) on Wednesday, March 3rd, 1926, at 5 p.m. The Chair will be taken by The Hon. Mr. Justice Wright, M.A.

A Course of Two Lectures on "THE GERMAN CONSTITUTION" will be given (in English) by Professor H. KANTOROWICZ (Professor of Law in the University of Freiburg i/B) at The London School of Economics and Political Science on Thursday, March 4th, and Tuesday, March 9th, at 5 p.m. At the First Lecture the Chair will be taken by His Excellency the German Ambassador (Dr. Friedrich Sthamer).

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STATISTICAL SECTION

THE TRADE BAROMETER

Our weekly index is composed of quotations for the ten following commodities :—

1. Pig iron. 3. Coal. 5. Cotton. 7. Hides. 9. Bacon.
2. Tin. 4. Linseed Oil. 6. Wool. 8. Wheat. 10. Sugar.

Table I. shows the movements of our ten commodities in the aggregate, and Table II. the movements of each of them in relation to the others. We have chosen December 30, 1921, as our base, the price of each commodity on that day being represented by 100 (at a time when the index in Table I. stood at 150). For a full explanation of our index number see THE ECONOMIC REVIEW, Aug. 29, 1924, page 194.

TABLE I.

Date	10 Commodities	Bd. of Tde Monthly Average	Date	10 Commodities	Bd. of Tde Monthly Average	Date	10 Commodities	Bd. of Tde Monthly Average	Date	10 Commodities	Bd. of Tde Monthly Average
1920.											
Jan. 16	367.9	296.6	1923								
May 14	391.2	325.5	Jan. 12	162.8	157.0	Apr. 18	177.5	164.7	July 17	160.3	157.5
July 16	418.8	316.9	Feb. 16	177.2	157.5	May 16	171.2	163.7	Aug. 14	158.6	157.0
Dec. 17	257.0	263.8	Mar. 16	192.4	160.3	June 20	167.8	162.6	Sept. 18	158.3	156.0
1921			Apr. 20	198.5	162.0	July 18	167.1	162.6	Oct. 16	154.1	154.8
Jan. 14	244.2	245.9	May 18	198.1	159.8	Aug. 15	175.3	165.2	Nov. 13	153.2	153.7
Apr. 15	202.8	204.8	June 15	190.0	159.3	Sept. 19	167.9	166.9	Dec. 18	153.0	153.2
July 15	194.4	194.1	July 20	177.3	156.5	Oct. 17	172.5	170.2	1926		
Oct. 14	170.2	180.7	Aug. 17	174.6	154.5	Nov. 14	173.3	169.8	Jan. 1	152.3	
Dec. 16	153.2	167.9	Sept. 14	173.2	157.8	Dec. 12	171.7	170.1	„ 8	150.8	
Dec. 30	150.0		Oct. 19	166.0	158.1	1925			„ 15	151.6	151.3
1922			Nov. 16	171.7	160.8	Jan. 16	174.8	171.0	„ 22	149.2	
Jan. 20	144.0	164.0	Dec. 14	177.0	163.4	Feb. 13	175.2	168.9	„ 29	150.9	
May 19	162.1	160.6	1924			Mar. 13	172.8	166.3	Feb. 5	149.7	
July 14	165.1	160.3	Jan. 18	178.6	165.4	Apl. 17	161.9	162.5	„ 12	148.4	
Sept. 15	161.2	154.3	Feb. 15	187.9	167.0	May 15	158.7	159.0	„ 19	147.9	
Dec. 15	161.2	155.8	Mar. 14	182.1	165.4	June 19	160.6	157.6			

CHART ILLUSTRATING TABLE I.

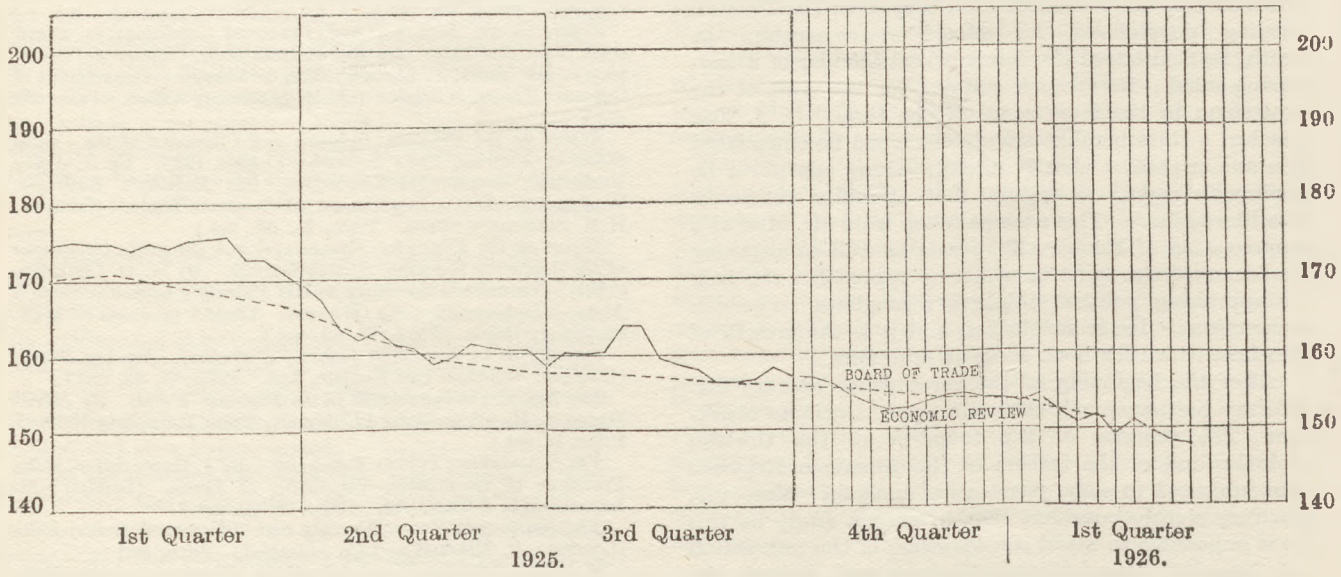


TABLE II.

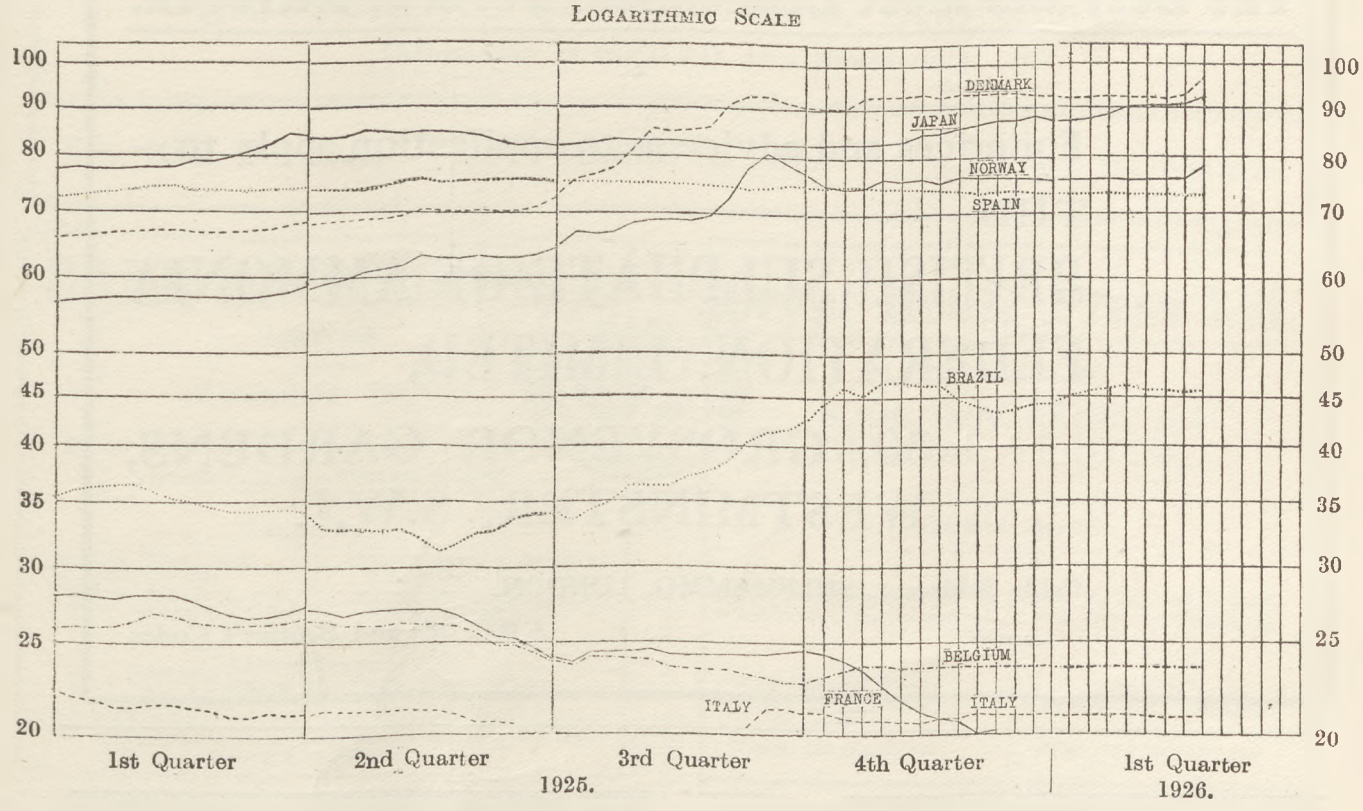
Date	Pig iron.	Tin.	Coal.	Linseed Oil.	Cotton.	Wool.	Hides.	Wheat.	Bacon.	Sugar.	Mean.	Date.
Dec. 30, 1921	100	100	100	100	100	100	100	100	100	100	100	Dec. 30, 1921
1922												1922
July 28 ...	92.9	94.5	97.2	157.9	110.1	111.1	97.1	119.0	116.5	119.2	111.15	... July 28
Sept. 29 ...	94.3	95.2	92.9	135.1	105.9	117.8	96.4	82.8	104.0	134.6	105.90	... Sept. 29
Nov. 3 ...	95.5	107.5	100.0	140.3	119.9	133.3	106.5	91.9	104.8	134.6	113.43	... Nov. 3
Dec. 29 ...	89.4	106.7	91.5	138.6	126.0	120.0	93.5	90.4	89.7	138.5	108.43	... Dec. 29
1923.												1923
May 18 ...	110.8	117.9	128.3	166.7	120.2	137.8	102.9	102.7	91.2	242.3	132.08	... May 18
Oct. 12 ...	93.4	117.1	90.6	150.9	136.4	126.7	84.8	83.0	66.2	145.9*	109.50	... Oct. 12
Nov. 16 ...	97.2	127.4	97.2	149.1	165.8	128.9	87.0	86.2	73.5	132.7	114.50	... Nov. 16
1924.												1924
Feb. 15 ...	96.7	163.4	96.2	171.9	159.6	151.1	91.3	100.4	65.8	156.1	125.25	... Feb. 15
July 11 ...	89.6	128.9	74.5	140.4	140.6	142.2	92.8	111.5	80.9	101.4	110.28	... July 11
Aug. 15 ...	87.7	148.0	78.3	145.6	158.8	151.1	94.2	124.1	84.6	96.6	116.90	... Aug. 15
Sept. 26 ...	85.8	136.6	72.6	151.8	120.6	151.1	97.1	113.8	81.6	108 1	111.91	... Sept. 26
1925												1925
Feb. 27 ...	84.0	153.8	69.8	178.9	116.0	160.0	95.7	128.9	88.6	95.3*	117.10	... Feb. 27
June 26 ...	77.8	147.9	63.2	147.4	114.7	115.6	84.1	121.7	98.2	85.9	105.65	... June 26
Oct. 30 ...	71.5	171.2	59.4	131.6	90.7	115.6	108.7	97.2	94.9	70.6	101.44	... Oct. 30
1926												1926
Feb. 5 ...	72.2	165.2	63.2	114.0	92.2	102.2	100.0	114.6	94.1	78.8	99.65	... Feb. 5
„ 12 ...	72.2	168.4	62.3	110.5	92.9	102.2	95.7	112.3	94.1	78.8	98.94	... „ 12
„ 19 ...	72.2	167.5	62.3	109.6	91.5	102.2	95.7	112.3	96.3	76.5	98.61	... „ 19

*Revised Quotation.

THE PAPER CURRENCIES.

(Percentage of Dollar Parity to Week ending February 20, 1926.)

Week Ending	Denmark.	Japan	Norway.	Spain.	Brazil.	Belgium.	Italy.	France.
Feb. 13 ...	97.0	92.7	78.3	73.1	45.8	23.5	20.9	18.7
,, 20 ...	93.1	91.0	76.2	72.9	45.6	23.5	20.9	19.1



SECURITY PRICES.

The following table and chart show the course of prices for a representative number of industrial stocks and long dated railroad bonds in New York, for twenty representative industrial ordinary stocks in London, and for a selected number of long-dated British Government securities. The prices of the last-named have been averaged exclusive of accrued interest. In all cases the price at December 30, 1921, is taken as 100. Significant maximum figures are shown in heavy type and minimum figures in italics.

In New York.			In London.		In New York.			In London.	
Week ending	Industrials.	Bonds.*	Industrials.	Gilt edged.	Week ending.	Industrials.	Bonds *	Industrials.	Gilt edged.
1920, Jan. 1	128.5	94.1	172.4	99.7	**1925,** Jan. 3	150.7	101.6	133.8	117.5
1921, Jan. 1	89.9	89.0	116.3	88.6	,, 17	151.8	101.9	137.8	117.5
Aug. 20	*80.3*	90.4	105.4	93.3	June 6	158.2	**105.3**	128.0	115.3
Oct. 29	91.1	92.0	*91.1*	94.4	,, 27	160.0	104.7	123.7	*113.0*
1922, Jan. 1	100.0	100.0	100.0	100.0	July 18	165.9	103.2	*120.4*	115.5
May 13	114.6	102.4	114.9	**117.9**	Aug. 1	165.8	*101.5*	122.2	115.7
Sept. 16	123.8	**107.6**	115.2	112.5	,, 22	176.2	102.5	126.3	**117.3**
Oct. 7	123.9	106.1	113.3	*111.7*	Nov. 7	195.4	102.7	134.1	114.7
1923, Jan. 1	121.7	102.5	119.5	113.3	Dec. 19	188.9	103.3	130.6	112.8
Mar. 17	**129.2**	98.5	129.3	117.0	**1926,** Jan. 2	195.5	103.6	133.3	113.0
,, 24	127.3	*97.8*	129.0	118.1	,, 9	196.1	103.6	135.1	113.1
Apr. 28	124.1	99.3	**137.9**	122.8	Feb. 6	197.3	**104.7**	131.7	114.7
June 9	119.7	100.8	130.6	**123.5**	,, 13	199.9	104.9	132.0	114.8
Oct. 27	*105.7*	99.7	126.5	119.7	,, 20	198.4	105.9	129.8	114.6
1924, Jan. 1	117.4	98.4	121.3	114.5					
,, 19	119.1	100.1	119.1	*112.2*					
June 21	115.3	103.3	*118.2*	118.0					
Nov. 8	130.1	103.7	133.7	**120.4**					

* Prices supplied by Messrs. Bernhard Scholle & Co., Ltd.

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